

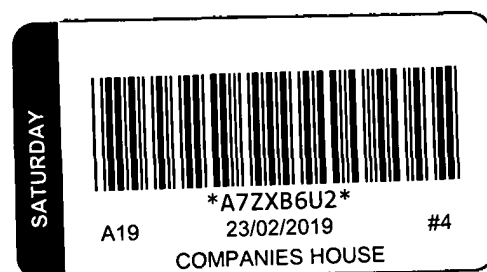
Company Registration Number: 08741704 (England & Wales)

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

 **Bishop Fleming**
Chartered Accountants



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

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

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	Bryonie Williams Helen Baylis (resigned 30 October 2017)
Trustees	Bryonie Williams Leanne Sankey Gary Tomlinson (appointed 8 May 2018) Matthew Clarke Hayley Young Graeme Russel (appointed 8 May 2018) Jackie Harris (appointed 14 November 2018) Gemma McKenna Helen Baylis (resigned 30 October 2017)
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 Annette Hawkesford, Head of Special Education Needs Penny Leach, Assistant Headteacher Lisa White, Assistant Headteacher Jenni Halion, Assistant Headteacher Donna Farr, English Co-Ordinator Year 1 Lead
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB
Bankers	Lloyds Bank plc 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 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2018. 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 430 (not including 26 full time equivalent for Nursery) and had a roll of 403 (including Nursery) in the school census on 10 May 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of 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.

Trade Union facility time

There were no employees who were relevant union officials during the year, meaning that there was no time spent on facility time.

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.

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 3 Parent Trustees
- Up to 1 Staff Trustees excluding the Headteacher
- Up to 3 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

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 external auditor 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, attendance 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, Deputy Headteacher, Assistant Headteacher, Access and Inclusion 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 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.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

Connected Organisations, including Related Party Relationships

The academy is commissioned by the Local Authority to run a ten place language unit for children aged 4 – 9.

There are no related parties which either control or significantly influence the decisions and operations of Matchborough First School Academy. 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 Redditch and the surrounding area, 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 year ended 31 August 2018 for each child were:

- 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; and
- To provide 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Objectives, Strategies and Activities

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

Assessment - To further develop:

1. Consistent and accurate assessment across the school – focus: English/Foundation Subjects
2. Embed Scholarpack – focus: groups and teacher ownership
3. Familiarisation of RAISE Online replacement – focus: ASP on Secure Access

Literacy - To further develop the teaching of literacy across the school.

Mathematics - To further develop the teaching of mathematics across the school with a focus of children's mastery of the fundamentals of mathematics.

Access and Inclusion - To further develop the support within school for children with specific Social, Emotional, Mental Health & Behaviour needs with an emphasis upon Early Intervention.

Early Years - To further develop maths in the Early Years.

MTM Alliance Joint Project - To further develop subject leadership and joint projects between the three schools.

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 Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

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, Community events and holding the local PACT meetings.

STRATEGIC REPORT

Achievements and Performance

The Academy is in its fourth year of operation and the total number of children in the year ended 31 August 2018 was 403. The school role is increasing year on year.

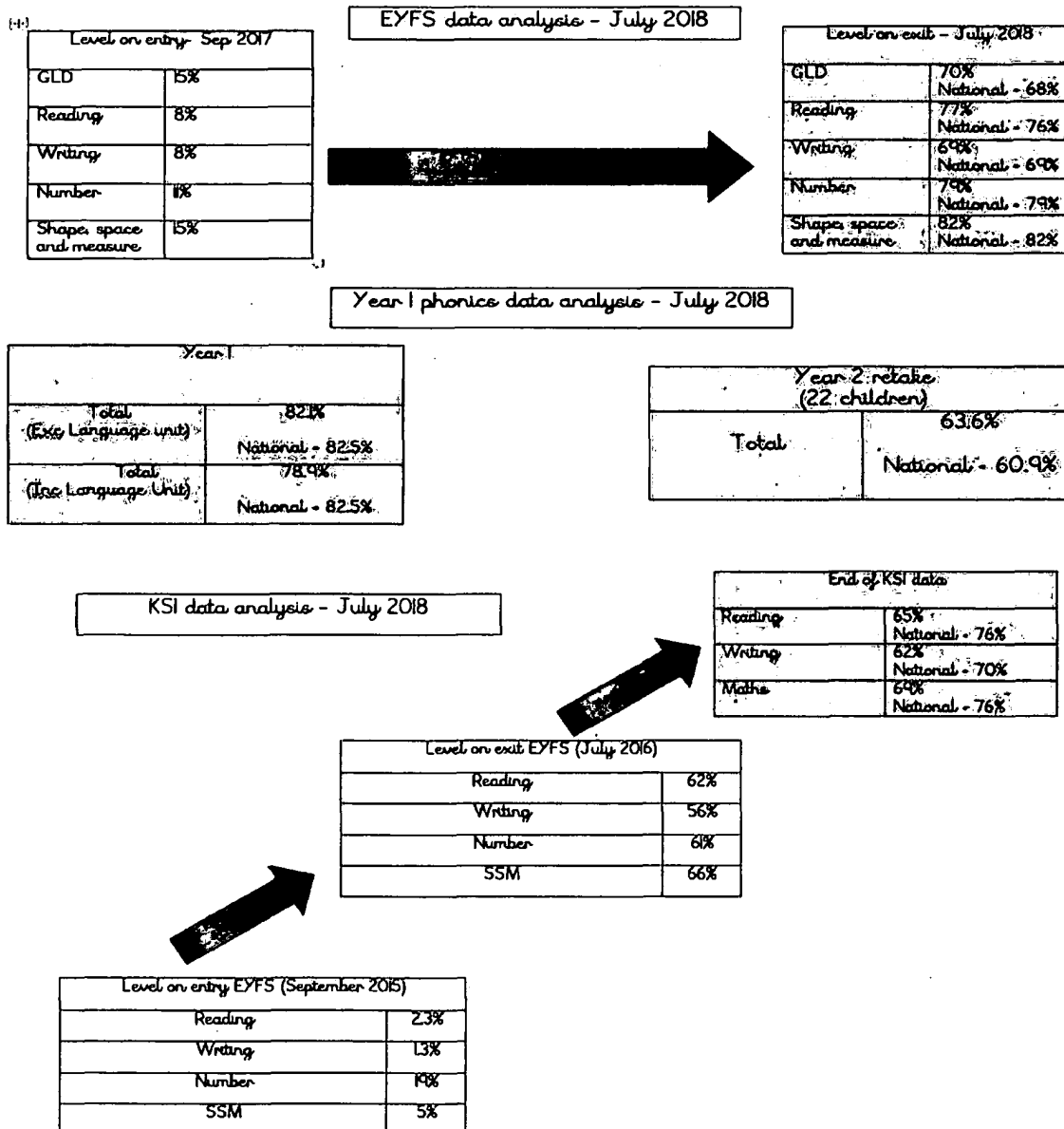
As a result of our popularity, an increase in the pupil admission number (PAN) was implemented in September 2014 to increase our PAN from 60 to 90.

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 October 2016 and retained its good grade.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**



The Academy has established close links with the other First Schools in our pyramid and across Redditch. The Headteacher is the Chair of the local Redditch Heads First Schools and is a representative Headteacher for Worcestershire. The Headteacher also sits on the Worcestershire NAHT committee and the local Primary FAAP. We have also formed an alliance and working in partnership model 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Key Performance Indicators

The following KPI's were set at the start of the year:

- Attendance – Target 96% - Actual from Y1- 4 95.53% (national 95.8%)
- Data – please see prior section

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 ESFA 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 2018 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.

During the year ended 31 August 2018, total expenditure of £2,034,748 was covered by recurrent grant funding from the DfE, together with other incoming resources of £1,944,995. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £50,901.

At 31 August 2018 the net book value of fixed assets was £3,203,150 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 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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 £200,000. 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 reserves of the academy amount to £3,231,737 although £3,154,300 of this is invested in fixed assets. The remaining £77,437 (representing both restricted and unrestricted funds, including the pension scheme deficit of £576,000) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

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.

Investment Policy

Due to the nature and timing of receipt funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 90% 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 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 the external auditor 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 Resource Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

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

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

FUNDRAISING

Under the provisions of the Charities Act 2016 our fundraising practices are as follows:-

- Appropriate due diligence is applied
- Fundraising communications are reviewed especially in light of GDPR (May 2018)
- Our fundraising purpose is fully and clearly communicated to the school community
- Effective financial controls are in place and followed
- Our data, name and school logo are protected
- School raises money for a variety of national and local charities and for specific reasons in school.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

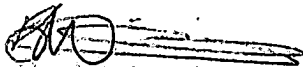
AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 4 December 2018 and signed on the board's behalf by:



**Bryonie Williams
Chair of Trustees**

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

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 Headteacher, 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
Bryonie Williams	5	5
Leanne Sankey	5	5
Gary Tomlinson	2	2
Jackie Harris, Headteacher	5	5
Hayley Young	4	5
Graeme Russel	1	2
Jackie Harris	5	5
Gemma McKenna	5	5
Helen Baylis	0	0

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor, evaluate and review the policy and performance in relation to financial management, compliance with reporting and regulatory requirements. Furthermore, they are responsible for reporting, receiving reports from the internal reviewer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee as well as personell and premises.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Jackie Harris	6	6
Bryonie Williams	6	6
Hayley Young	6	6

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

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Robust governance and finance management
- Value for money purchasing
- Deployment of staff effectively
- Constant review of allocation resources
- Benchmarking against similar academies using information provided by DfE and ESFA
- Review of orders and quotes for best value
- Review of curriculum provision and teaching
- Review of the quality of pupils learning to enable the children to achieve nationally expected progress

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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

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.

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

GOVERNANCE STATEMENT (continued)

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

- tests on the accounting system
- tests on income and payroll
- tests on expenditure and fixed assets

On a quarterly basis, the external auditors report to the Board of Trustees through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The external auditor has delivered their schedule of work as planned, and no material control issues have arisen as a result of the external auditor's work.

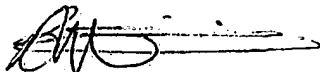
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher 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 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 4 December 2018 and signed on their behalf, by:



**Bryonie Williams
Trustee**



**Jackie Harris
Accounting Officer**

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


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 & 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 2017.

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 2017.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. 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 ESFA.



**Jackie Harris
Accounting Officer**

04112118

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



**Bryonle Williams
Trustee**

Date: 4 December 2018

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

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

OPINION

We have audited the financial statements of Matchborough First School Academy (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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 opinions we have formed.



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: *17th December 2018*

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

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

In accordance with the terms of our engagement letter dated 19 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 the ESFA 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Matchborough First School Academy and the ESFA, 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
MATCHBOROUGH FIRST SCHOOL ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY
(continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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: 17th December 2018

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	-	8,353	8,353	16,161
Charitable activities	3	152,527	1,758,117	-	1,910,644	1,774,179
Other trading activities	4	25,226	-	-	25,226	23,764
Investments	5	772	-	-	772	407
TOTAL INCOME		178,525	1,758,117	8,353	1,944,995	1,814,511
EXPENDITURE ON:						
Charitable activities		213,425	1,727,234	94,089	2,034,748	1,868,152
TOTAL EXPENDITURE	6	213,425	1,727,234	94,089	2,034,748	1,868,152
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	(34,900)	30,883 (49,082)	(85,736) 49,082	(89,753)	(53,641)
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(34,900)	(18,199)	(36,654)	(89,753)	(53,641)
Actuarial gains on defined benefit pension schemes	23	-	104,000	-	104,000	141,000
NET MOVEMENT IN FUNDS		(34,900)	85,801	(36,654)	14,247	87,359
RECONCILIATION OF FUNDS:						
Total funds brought forward		612,128	(585,592)	3,190,954	3,217,490	3,130,131
TOTAL FUNDS CARRIED FORWARD		577,228	(499,791)	3,154,300	3,231,737	3,217,490

The notes on pages 24 to 44 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		3,203,150		3,239,804
CURRENT ASSETS					
Debtors	14	147,815		97,060	
Investments	15	-		120,000	
Cash at bank and in hand		667,048		629,806	
		<u>814,863</u>		<u>846,866</u>	
CREDITORS: amounts falling due within one year	16	<u>(183,650)</u>		<u>(209,711)</u>	
NET CURRENT ASSETS			631,213		637,155
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,834,363</u>		<u>3,876,959</u>
CREDITORS: amounts falling due after more than one year	17		<u>(26,626)</u>		<u>(33,469)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			3,807,737		3,843,490
Defined benefit pension scheme liability	23		<u>(576,000)</u>		<u>(626,000)</u>
NET ASSETS			<u>3,231,737</u>		<u>3,217,490</u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	19	76,209		40,408	
Fixed asset funds	19	3,154,300		3,190,954	
Restricted funds excluding pension liability		<u>3,230,509</u>		<u>3,231,362</u>	
Pension reserve		<u>(576,000)</u>		<u>(626,000)</u>	
Total restricted funds			2,654,509		2,605,362
Unrestricted funds	19		<u>577,228</u>		<u>612,128</u>
TOTAL FUNDS			<u>3,231,737</u>		<u>3,217,490</u>

The financial statements on pages 21 to 44 were approved by the Trustees, and authorised for issue, on 4 December 2018 and are signed on their behalf, by:



Bryonie Williams
Trustee

04/12/18

The notes on pages 24 to 44 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 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	<u>(27,605)</u>	<u>97,889</u>
Cash flows from investing activities:			
Interest received		772	407
Purchase of tangible fixed assets		(57,435)	(114,426)
Capital grants from DfE Group		8,353	8,061
Cash released from/(invested in) deposit account		<u>120,000</u>	<u>(120,000)</u>
Net cash provided by/(used in) investing activities		<u>71,690</u>	<u>(225,958)</u>
Cash flows from financing activities:			
Repayments of solar panels		<u>(6,843)</u>	<u>-</u>
Net cash used in financing activities		<u>(6,843)</u>	<u>-</u>
Change in cash and cash equivalents in the year		37,242	(128,069)
Cash and cash equivalents brought forward		<u>629,806</u>	<u>757,875</u>
Cash and cash equivalents carried forward	22	<u>667,048</u>	<u>629,806</u>

The notes on pages 24 to 44 form part of these financial statements.

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 GOING CONCERN

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

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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance 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.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 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.

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

Long-term leasehold buildings	-	2% straight line
Long-term leasehold land	-	over length of lease - 125 years
Furniture and fixtures	-	20% straight line
Plant and equipment	-	33% straight line

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

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

1.6 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.7 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 32 days.

1.8 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.

1.9 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. 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 costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.10 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.

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.11 PENSIONS

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.12 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/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 01 April 2017 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

1.14 OPERATING LEASES

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

1.15 SHORT-TERM INVESTMENTS

Short-term investments includes cash and highly liquid investments with a maturity of between 30 days to one year 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 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	-	-	-	-	8,100
Capital Grants	-	-	8,353	8,353	8,061
	-	-	8,353	8,353	16,161
Total 2017	-	-	16,161	16,161	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Education	4,131	1,758,117	1,762,248	1,685,420
Nursery	148,396	-	148,396	88,759
	152,527	1,758,117	1,910,644	1,774,179
Total 2017	93,050	1,681,129	1,774,179	

MATCHBOROUGH FIRST SCHOOL ACADEMY
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FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	1,392,180	1,392,180	1,300,650
UIFSM	-	86,725	86,725	82,812
Pupil Premium	-	117,144	117,144	129,607
	-	1,596,049	1,596,049	1,513,069
Other Government grants				
High Needs	-	110,003	110,003	127,372
Other government grants	-	43,745	43,745	40,688
	-	153,748	153,748	168,060
Other funding				
Internal catering income	1,200	-	1,200	1,800
Staff insurance income	-	8,320	8,320	-
Sales to students	2,931	-	2,931	2,491
	4,131	8,320	12,451	4,291
	4,131	1,758,117	1,762,248	1,685,420
Total 2017	4,291	1,681,129	1,685,420	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	-	-	-	732
Other	9,702	-	9,702	6,604
Catering profit share	15,524	-	15,524	16,428
	25,226	-	25,226	23,764
Total 2017	23,764	-	23,764	

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5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	772	-	772	407
	<u>772</u>	<u>-</u>	<u>772</u>	<u>407</u>
Total 2017	<u>407</u>	<u>-</u>	<u>407</u>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Education					
Direct costs	911,569	69,992	104,735	1,086,296	1,007,017
Support costs	443,129	76,988	277,348	797,465	769,266
Nursery					
Direct costs	76,810	5,279	8,295	90,384	52,235
Support costs	37,315	6,484	16,804	60,603	39,634
	<u>1,468,823</u>	<u>158,743</u>	<u>407,182</u>	<u>2,034,748</u>	<u>1,868,152</u>
Total 2017	<u>1,365,487</u>	<u>154,762</u>	<u>347,903</u>	<u>1,868,152</u>	

7. DIRECT COSTS

	Education £	Nursery £	Total 2018 £	Total 2017 £
Pension finance costs	10,880	-	10,880	10,200
Educational supplies	75,752	8,101	83,853	57,926
Staff development	14,814	-	14,814	-
Other costs	2,285	11	2,296	5,074
Supply teachers	54,951	4,678	59,629	74,914
Technology costs	1,004	180	1,184	5,726
Wages and salaries	666,250	56,104	722,354	647,531
National insurance	60,648	5,107	65,755	62,183
Pension cost	129,720	10,924	140,644	126,535
Depreciation	69,992	5,279	75,271	69,163
	<u>1,086,296</u>	<u>90,384</u>	<u>1,176,680</u>	<u>1,059,252</u>
Total 2017	<u>1,007,017</u>	<u>52,235</u>	<u>1,059,252</u>	

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8. SUPPORT COSTS

	Education £	Nursery £	Total 2018 £	Total 2017 £
Pension finance costs	5,120	-	5,120	4,800
Other costs	26,674	526	27,200	1,071
Maintenance of premises and equipment	13,918	1,172	15,090	38,496
Cleaning	22,763	1,917	24,680	12,240
Rent and rates	11,639	980	12,619	11,901
Energy costs	11,312	953	12,265	11,141
Insurance	10,371	873	11,244	24,877
Security and transport	13,516	-	13,516	11,817
Catering	103,803	8,741	112,544	107,224
Technology costs	-	1,134	1,134	5,541
Office overheads	49,957	2,937	52,894	30,356
Legal and professional	56,857	1,665	58,522	67,891
Bank interest and charges	25	-	25	-
Governance	11,025	928	11,953	9,930
Wages and salaries	340,564	28,678	369,242	364,255
National insurance	15,529	1,308	16,837	17,223
Pension cost	87,036	7,329	94,365	72,846
Depreciation	17,356	1,462	18,818	17,291
	<u>797,465</u>	<u>60,603</u>	<u>858,068</u>	<u>808,900</u>
Total 2017	<u>769,266</u>	<u>39,634</u>	<u>808,900</u>	

9. NET INCOME/(EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	94,089	86,454
Auditors' remuneration - audit	6,750	6,525
Auditors' remuneration - other services	3,665	2,905
Operating lease rentals	8,204	2,097

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FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,089,790	1,006,786
Social security costs	82,592	79,406
Operating costs of defined benefit pension schemes	235,009	199,381
	<u>1,407,391</u>	<u>1,285,573</u>
Agency staff costs	59,626	74,914
Staff restructuring costs	1,806	5,000
	<u>1,468,823</u>	<u>1,365,487</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	25	22
Support staff	32	32
Management	1	1
	<u>58</u>	<u>55</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1

d. Key management personnel

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 £349,846 (2017: £315,772).

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 (2017: £65,000 - £70,000), Employer's pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000)

Other related party transactions involving the trustees are set out in note 28.

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017: £NIL to no Trustees).

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 2018 was £298 (2017: £1,450).

13. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
COST				
At 1 September 2017	3,416,158	88,416	55,668	3,560,242
Additions	5,948	9,425	42,062	57,435
At 31 August 2018	3,422,106	97,841	97,730	3,617,677
DEPRECIATION				
At 1 September 2017	222,927	52,768	44,743	320,438
Charge for the year	64,517	10,437	19,135	94,089
At 31 August 2018	287,444	63,205	63,878	414,527
NET BOOK VALUE				
At 31 August 2018	3,134,662	34,636	33,852	3,203,150
At 31 August 2017	3,193,231	35,648	10,925	3,239,804

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. DEBTORS

	2018 £	2017 £
Trade debtors	2,077	737
Prepayments and accrued income	39,907	41,484
VAT recoverable	105,831	54,839
	<u>147,815</u>	<u>97,060</u>

15. CURRENT ASSET INVESTMENTS

	2018 £	2017 £
Cash on deposit	-	120,000
	<u>-</u>	<u>120,000</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	29,716	2,606
Other taxation and social security	24,584	23,250
Other creditors	50,254	47,187
Accruals and deferred income	79,096	136,668
	<u>183,650</u>	<u>209,711</u>

	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	48,307	39,513
Resources deferred during the year	50,601	48,307
Amounts released from previous years	(48,307)	(39,513)
Deferred income at 31 August 2018	<u>50,601</u>	<u>48,307</u>

At the Balance Sheet date the Academy was holding funds received in advance for income from the ESFA in respect of Free School Meals.

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

	2018	2017
	£	£
Accruals and deferred income	26,626	33,469

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

	2018	2017
	£	£
Repayable by instalments	-	6,097

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.

18. FINANCIAL INSTRUMENTS

	2018	2017
	£	£
Financial assets measured at amortised cost	22,083	20,294
Financial liabilities measured at amortised cost	135,071	171,623

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	612,128	178,525	(213,425)	-	-	577,228
RESTRICTED FUNDS						
General Annual Grant (GAG)	40,408	1,392,180	(1,307,297)	(49,082)	-	76,209
Universal infant free school meals	-	86,725	(86,725)	-	-	-
High needs funding	-	110,003	(110,003)	-	-	-
Pupil premium	-	117,144	(117,144)	-	-	-
Other government grants	-	43,745	(43,745)	-	-	-
Other income	-	8,320	(8,320)	-	-	-
Pension reserve	(626,000)	-	(54,000)	-	104,000	(576,000)
	(585,592)	1,758,117	(1,727,234)	(49,082)	104,000	(499,791)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	2,662,568	-	(55,415)	-	-	2,607,153
Fixed assets purchased from GAG	347,901	-	(30,149)	49,082	-	366,834
DfE/ESFA Capital grants	26,415	8,353	(4,160)	-	-	30,608
Donation from the LA	154,070	-	(4,365)	-	-	149,705
	3,190,954	8,353	(94,089)	49,082	-	3,154,300
Total restricted funds	2,605,362	1,766,470	(1,821,323)	-	104,000	2,654,509
Total of funds	3,217,490	1,944,995	(2,034,748)	-	104,000	3,231,737

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

RESTRICTED FUND

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

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 by the Local Authority to fund further support for students with additional needs.

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

MATCHBOROUGH FIRST SCHOOL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. STATEMENT OF FUNDS (continued)

Other government grants - Income which has been received for specific purposes.

Other income - Income which has been received for specific purposes.

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.

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.

DfE/ESFA 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.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds	640,299	117,221	(123,546)	(21,846)	-	612,128
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	1,300,930	(1,232,953)	(27,569)	-	40,408
Universal infant free school meals	-	82,812	(82,812)	-	-	-
High needs funding	-	127,372	(127,372)	-	-	-
Pupil premium	-	129,607	(129,607)	-	-	-
Growth fund	-	40,408	(40,408)	-	-	-
Pension reserve	(722,000)	-	(45,000)	-	141,000	(626,000)
	<u>(722,000)</u>	<u>1,681,129</u>	<u>(1,658,152)</u>	<u>(27,569)</u>	<u>141,000</u>	<u>(585,592)</u>

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19. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	2,724,549	-	(61,981)	-	-	2,662,568
Fixed assets purchased from GAG	317,196	-	(18,710)	49,415	-	347,901
DfE/ESFA Capital grants	22,514	8,061	(4,160)	-	-	26,415
Donation from the LA	147,573	8,100	(1,603)	-	-	154,070
	<u>3,211,832</u>	<u>16,161</u>	<u>(86,454)</u>	<u>49,415</u>	<u>-</u>	<u>3,190,954</u>
Total restricted funds	<u>2,489,832</u>	<u>1,697,290</u>	<u>(1,744,606)</u>	<u>21,846</u>	<u>141,000</u>	<u>2,605,362</u>
Total of funds	<u>3,130,131</u>	<u>1,814,511</u>	<u>(1,868,152)</u>	<u>-</u>	<u>141,000</u>	<u>3,217,490</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	3,203,150	3,203,150
Current assets	577,228	237,634	-	814,862
Creditors due within one year	-	(161,425)	(22,225)	(183,650)
Creditors due in more than one year	-	-	(26,625)	(26,625)
Pension scheme liability	-	(576,000)	-	(576,000)
	<u>577,228</u>	<u>(499,791)</u>	<u>3,154,300</u>	<u>3,231,737</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,239,804	3,239,804
Current assets	612,128	234,738	-	846,866
Creditors due within one year	33,469	(194,330)	(48,850)	(209,711)
Creditors due in more than one year	(33,469)	-	-	(33,469)
Provisions for liabilities and charges	-	(626,000)	-	(626,000)
	<u>612,128</u>	<u>(585,592)</u>	<u>3,190,954</u>	<u>3,217,490</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(89,753)	(53,641)
Adjustment for:		
Depreciation charges	94,089	86,454
Interest received	(772)	(407)
(Increase)/decrease in debtors	(50,755)	12,302
(Decrease)/increase in creditors	(26,061)	16,242
Capital grants from DfE and other capital income	(8,353)	(8,061)
Defined benefit pension scheme cost less contributions payable	38,000	30,000
Defined benefit pension scheme finance cost	16,000	15,000
Net cash (used in)/provided by operating activities	(27,605)	97,889

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	667,048	629,806
	667,048	629,806

23. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 01 April 2017.

Contributions amounting to £21,981 were payable to the schemes at 31 August 2018 (2017: 18,529) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS

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

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

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

The employer's pension costs paid to TPS in the period amounted to £116,077 (2017: £105,535).

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 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £98,000 (2017: £76,000), of which employer's contributions totalled £79,000 (2017: £62,000) and employees' contributions totalled £19,000 (2017: £14,000). 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.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.60 %	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.20 %

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23. PENSION COMMITMENTS (continued)

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

	2018	2017
Retiring today		
Males	22.7	22.6
Females	25.7	25.6
Retiring in 20 years		
Males	24.9	24.8
Females	28	27.9

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	393,000	302,000
Other bonds	23,000	18,000
Government bonds	41,000	-
Property	24,000	13,000
Cash	11,000	5,000
Other	18,000	13,000
Total market value of assets	510,000	351,000

The actual return on scheme assets was £27,000 (2017: £42,000).

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

	2018 £	2017 £
Current service cost	(117,000)	(92,000)
Interest income	9,000	5,000
Interest cost	(25,000)	(20,000)
Total	(133,000)	(107,000)

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23. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	977,000	953,000
Current service cost	117,000	92,000
Interest cost	25,000	20,000
Employee contributions	19,000	14,000
Actuarial gains	(87,000)	(102,000)
Benefits paid	35,000	-
	<u>1,086,000</u>	<u>977,000</u>
Closing defined benefit obligation		

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

	2018 £	2017 £
Opening fair value of scheme assets	351,000	231,000
Interest income	10,000	6,000
Actuarial losses	17,000	39,000
Employer contributions	79,000	62,000
Employee contributions	19,000	14,000
Benefits paid	35,000	-
Administration expenses	(1,000)	(1,000)
	<u>510,000</u>	<u>351,000</u>
Closing fair value of scheme assets		

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	8,204	1,682
Between 1 and 5 years	14,177	415
	<u>22,381</u>	<u>2,097</u>
Total		

25. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 1 for the debts and liabilities contracted before he/she ceases to be a member.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

26. GENERAL INFORMATION

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

27. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

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 (2017: £NIL).