

Company Registration No. 7987596 (England and Wales)

MESTY CROFT ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016

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MESTY CROFT ACADEMY

CONTENTS

	Page
Reference and administrative details	1
Directors' report	2 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Statement of directors' responsibilities	13
Independent auditor's report on the accounts	14 - 15
Independent reporting accountant's report on regularity	16 - 17
Statement of financial activities including income and expenditure account	18
Balance sheet	19
Statement of cash flows	20
Notes to the accounts including accounting policies	21 - 37

MESTY CROFT ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Directors

Mr A Kirby (Head Teacher)
Mrs R Mansell (Staff Governor)
Mrs C Jackson (Community Governor)
Mr A Houlston (Parent Governor)
Miss L Thomas (Staff Governor) (Resigned 15 October 2015)
Rev D Njuguna (Community Governor)
Mr M Babb (Chairman)
Mr A Quinn (Parent Governor) (Resigned 17 February 2016)
Miss J Smith (Staff Governor) (Appointed 14 June 2016)
Mrs E Barker (Community Governor) (Appointed 14 June 2016)
Mrs L Bray (Accounting Officer) (Appointed 1 September 2016)

Members

A Kirby
A Quinn (from 10 June 2015)
Rev D Njuguna (from 10 June 2015)
P Griffiths (until 10 June 2015)

Senior management team

- Head Teacher
- Deputy Head Teacher
- Assistant Head Teacher
- KS2 Phase Leader

Mr A Kirby
Mrs L Bray
Mr R Shaw
Miss R Kelsey

Secretary

Miss S Bate

Company registration number

7987596 (England and Wales)

Principal address

St Lukes Road
Wednesbury
West Midlands
WS10 0QY

Registered office

St Lukes Road
Wednesbury
West Midlands
WS10 0QY

Independent auditor

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

MESTY CROFT ACADEMY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The directors are the trustees of Mesty Croft Academy and are also the directors of the charitable company for the purposes of company law. Details of the directors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Directors' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period to 31 August 2016 was £441 (2015: £379).

Principal activities

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

Method of recruitment and appointment or election of directors

Mesty Croft Academy shall have the following Directors:

- *Staff Directors* - members of staff may elect and vote for no more than 2 Staff Directors
- *Parent Directors* - are elected by parents via a ballot. Up to 2 Parent Directors may be elected.
- *Community Directors* - are appointed via members of the Board of Directors; they should not be staff or parents. Up to 4 Community Directors may be appointed.

Policies and procedures adopted for the induction and training of directors

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

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

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

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

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

The Strategic Leadership Team comprises the Headteacher, Deputy Headteacher and Assistant Headteacher. These leaders control the Academy at an executive level and are responsible for the implementation of policies adopted by Directors and for reporting back to Directors.

The Senior Leadership Group comprises middle leaders; those responsible for Phases (EYFS, KS1, KS2) and core subjects (English, Maths and Science). Whilst some spending control is devolved to subject leaders and year groups, the Headteacher countersigns all Requisition Orders and ensures that all spending is within agreed budgets.

Risk management

The Directors have a duty to identify and review the risks to which the Academy is exposed and to ensure appropriate controls are in place to provide reasonable reassurance against fraud and error.

Risk management arrangements follow the principles of the Orange Book guidance. Directors are satisfied that the risks facing the Academy are well considered. Control of the Academy is restricted to a small group who are fully aware of, and involved in, the various functions of the Academy and the activities being undertaken.

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

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

Objectives and activities

Objects and aims

Mesty Croft Academy is currently a two-form entry school up until Year 3 organised into fourteen classes. We also have provision for a 39 place Nursery (Morning and Afternoon).

Mission Statement

Inspiring our next generation to believe and achieve.

Values

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

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Our Vision

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

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

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

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

Objectives, strategies and activities

The main objectives of Mesty Croft Academy during the year ending 31st August 2016:

1. Leadership and Management

-Maintain the current collaborative links with the supporting teaching school while seeking a permanent partnership arrangement.

2. The Quality of Teaching, Learning and Assessment

-Apply the effective quality assurance of teaching processes to all taught lessons, not just those of the main classroom teacher.

-Improve the quality of teaching at Key Stage 1 and in the early years by sharing the best practice already evident in these phases and across Key Stage 2.

-Make sure all teachers, including temporary staff or those regularly taking one or two lessons under the direction of the main class teacher, review pupil learning consistently as the lesson proceeds and then adjust their teaching as a result of the information received. -Ensure that pupils have enough time to review and understand their learning before requiring them to develop it further.

-Make sure younger pupils understand the marking policy and what they should do to improve by way of response.

3. Outcomes for Pupils

Raise the standard of pupils' writing in Key Stage 1, and early years by

- clear modelling of high-quality writing by teachers*
- improved reading resources designed to support higher-quality writing*
- more frequent, more challenging writing tasks for pupils*
- higher expectations for handwriting fluency and neatness across the school.*

4. Early Years Foundation Stage

Improve the quality of assessment in early years so that children's progress can be monitored effectively and any necessary adjustments provided in a timely fashion.

Activities during this report period have included:

- The appointment of a new Early Years Leader
 - A review of the Early Years Foundation Stage
 - Adoption of the Early Excellence Baseline Assessment in YR
 - The appointment of a new Y1 Lead Teacher
 - A review of Phonics and subsequent whole school training
 - Continued SLA with Walsall LA Attendance Service to ensure that figures remain at least in line with national
 - Using robust evaluative arrangements to improve teaching and remove examples of inadequate teaching
 - Purchase and adoption of a new whole school PSHE scheme 'Jigsaw'
 - Re-developed topics to meet the needs of our pupils
-

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Public benefit

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

1. SEND (pupils with EHC Plans) and Looked After Children (LAC)
2. Exceptional medical grounds
3. Siblings
4. Children attending Mesty Croft Academy Nursery at the time of application
5. Proximity

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

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic Report

Achievements and performance

Achievements in the year

The academy achieved academic success above national levels in 2016.

There is a three year rising trend in GLD in EYFS. There is a similar picture in Y1 Phonics.

KS1 were at least in line with national but most often than not exceeded national figures.

KS2 figures were above national in all areas and progress scores place the school in the top 20% of schools.

The school received a Section 5 Ofsted Inspection in December 2015 where the Academy's 'overall effectiveness' was deemed Requires Improvement (RI). The Academy has since continued to make sustained progress and the Academy is well on its journey to securing a 'Good' judgement.

EYFS Good Level of Development

	School	Sandwell LA	National
2016	70%	61%	69%
2015	66%	58%	66%
2014	56%	54%	60%

Year 1 Phonics

	School	Sandwell LA	National
2016	80%	%	81%
2015	78%	74%	77%
2014	78%	72%	74%

KS1 (Teacher Assessment)

	School	National	School	National
	Expected+	Expected+	Greater Depth	Greater Depth
Reading	84%	74%	32%	24%
Writing	68%	65%	20%	13%
Maths	73%	73%	21%	18%

KS2

	Progress Score	School	National	School	National
		Scaled Score 100+	High Scaled Score	Scaled Score 100+	High Scaled Score
Reading (Test)	2.72	70%	66%	23%	19%
Writing (TA)	2.83	77%	74%	23%	15%
Maths (Test)	2.59	77%	70%	20%	17%
R/W/M		61%	53%	14%	5%
EGPS		80%	72%	25%	22%
Science		86%	81%		

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators

The main Key Performance Indicators (KPIs) is the Ofsted Framework for Inspection and the Academy evaluates each area on a regular basis.

Ofsted Key Judgement Areas:

- Overall Effectiveness
- Effectiveness of Leadership and Management
- Quality of Teaching, Learning and Assessment
- Personal Development, Behaviour and Welfare
- Outcomes for Pupils
- Effectiveness of Early Years Provision

In addition Inspectors must also consider:

- the spiritual, moral, social and cultural development of pupils at the school (to include British Values)
- the extent to which the education provided by the school meets the needs of the range of pupils at the school, and in particular the needs of pupils who have a disability for the purposes of the Equality Act 2010 and/or pupils who have Special Educational Needs (SEN)

Going concern

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

Financial review

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

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

During the year, an overall deficit of £547,523 (2015: £201,454) has been generated by the Academy.

Principal risks and uncertainties

Funds are received on a monthly basis, in line with the General Annual Grant (GAG) which is agreed at the start of the academic year. As the GAG funding is directly linked to pupil numbers, there is a risk that a decline in pupil numbers could impact on the main source of funding for the Academy. The Academy has various initiatives to ensure that this risk is reduced and pupil numbers are increasing as a result; historically the Academy has always been oversubscribed. The increase in year group size (from 45 to 60 in Years 4, 5 and 6) over the next three years will also increase the level of GAG funding allocated to the Academy.

Reserves policy

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

The directors have determined that the level of reserves, which are not invested in fixed assets at the year end, of £121,444 (2015: £270,322) which excludes the defined benefit pension liability of £574,000 (2015: £266,000), is adequate for its immediate needs.

The academy's value of free reserves at 31 August 2016 is £101,111 (2015: £82,950) being the income funds that are freely available for its general purposes (this does not include restricted funds or any part of unrestricted funds not readily available for spending).

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Restricted general funds at 31 August 2016 were in deficit by £553,667 (2015: £78,628) however this is after deducting the defined benefit liability of £574,000 (2015: £266,000). If this was excluded the balance on reserves would be £20,333 (2015: £187,372)

See funds note 16 for review of funds at 31 August 2016.

Investment policy and powers

There are no investments held by the Academy.

Plans for the future

The Academy is actively seeking to create links with its local community; as a result the Academy is exploring becoming an Associate Member of the Wednesbury Learning Community Trust. This comprises 10 local primary schools (one of which is a Teaching School) in Wednesbury and offers a Data Intelligence Group, a Teaching and Learning Hub, a Safeguarding Hub and opportunities for moderation and shared good practice. The Academy is also seeking to enhance its EYFS unit and, over time, to purchase an outdoor learning space.

Auditor

In so far as the directors are aware:

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

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

The trustees' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 13 December 2016 and signed on its behalf by:

Mr M Babb
Chairman



MESTY CROFT ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met 8 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
Mr A Kirby (Head Teacher)	7	8
Mrs R Mansell (Staff Governor)	6	8
Mrs C Jackson (Community Governor)	7	8
Mr A Houlston (Parent Governor)	8	8
Miss L Thomas (Staff Governor) (Resigned 15 October 2015)	1	2
Rev D Njuguna (Community Governor)	5	8
Mr M Babb (Chairman)	8	8
Mr A Quinn (Parent Governor) (Resigned 17 February 2016)	2	5
Miss J Smith (Staff Governor) (Appointed 14 June 2016)	2	2
Mrs E Barker (Community Governor) (Appointed 14 June 2016)	2	2
Mrs L Bray (Accounting Officer) (Appointed 1 September 2016)		

Review of value for money

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

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

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

MESTY CROFT ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The purpose of the system of internal control

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

Capacity to handle risk

The board of directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of directors.

The risk and control framework

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

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

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

- not to appoint an internal auditor. However the directors have appointed M Babb, a governor, as responsible officer (RO).

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

Review of effectiveness

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

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

MESTY CROFT ACADEMY

GOVERNANCE STATEMENT (CONTINUED)


FOR THE YEAR ENDED 31 AUGUST 2016

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

Approved by order of the board of directors on 13 December 2016 and signed on its behalf by:



Mr M Babb
Chairman



Mrs L Bray
Accounting Officer

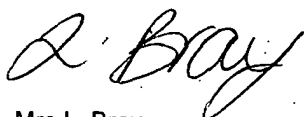
MESTY CROFT ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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



Mrs L Bray
Accounting Officer

13 December 2016

MESTY CROFT ACADEMY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The directors (who also act as trustees for Mesty Croft Academy) are responsible for preparing the Directors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the directors are required to:


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

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

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

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

Approved by order of the board of directors on 13 December 2016 and signed on its behalf by:



Mr M Babb
Chairman

MESTY CROFT ACADEMY

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF MESTY CROFT ACADEMY

We have audited the accounts of Mesty Croft Academy for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the EFA.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the directors, who also act as trustees for the charitable activities of Mesty Croft Academy, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

MESTY CROFT ACADEMY

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF MESTY CROFT ACADEMY (CONTINUED)

Matters on which we are required to report by exception

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

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


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

Chartered Accountants
Statutory Auditor
No.4 Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RH

Dated: 13 December 2016

MESTY CROFT ACADEMY

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

In accordance with the terms of our engagement letter dated 18 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mesty Croft Academy during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Mesty Croft Academy's funding agreement with the Secretary of State for Education dated 11 July 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

MESTY CROFT ACADEMY

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Wendy Davies
Reporting Accountant
CK Audit

Dated: 13 December 2016

MESTY CROFT ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £		Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	3	18,071	-	8,499	26,570	19,944
Charitable activities:						
- Funding for educational operations	4	-	1,953,541	-	1,953,541	1,923,930
Other trading activities	5	-	23,268	-	23,268	31,371
Investments	6	90	-	-	90	158
Total income and endowments		18,161	1,976,809	8,499	2,003,469	1,975,403
Expenditure on:						
Charitable activities:						
- Educational operations	8	-	2,028,276	185,716	2,213,992	2,144,857
Total expenditure	7	-	2,028,276	185,716	2,213,992	2,144,857
Net income/(expenditure)		18,161	(51,467)	(177,217)	(210,523)	(169,454)
Transfers between funds		-	(86,572)	86,572	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(337,000)	-	(337,000)	(32,000)
Net movement in funds		18,161	(475,039)	(90,645)	(547,523)	(201,454)
Reconciliation of funds						
Total funds brought forward		82,950	(78,628)	3,514,017	3,518,339	3,719,793
Total funds carried forward		101,111	(553,667)	3,423,372	2,970,816	3,518,339

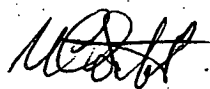
MESTY CROFT ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	12		3,423,372		3,514,017
Current assets					
Debtors	13	51,761		80,284	
Cash at bank and in hand		240,918		373,921	
		292,679		454,205	
Current liabilities					
Creditors: amounts falling due within one year	15	(112,775)		(117,136)	
Net current assets			179,904		337,069
Total assets less current liabilities			3,603,276		3,851,086
Creditors: amounts falling due after more than one year	14		(58,460)		(66,747)
Net assets excluding pension liability			3,544,816		3,784,339
Defined benefit pension liability	18		(574,000)		(266,000)
Net assets			2,970,816		3,518,339
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			3,423,372		3,514,017
- Restricted income funds			20,333		187,372
- Pension reserve			(574,000)		(266,000)
Total restricted funds			2,869,705		3,435,389
Unrestricted income funds	16		101,111		82,950
Total funds			2,970,816		3,518,339

The accounts were approved by the board of directors and authorised for issue on 13 December 2016 and are signed on its behalf by:



Mr M Babb
Chairman

Company Number 7987596

MESTY CROFT ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	20		(46,522)		7,245
Cash flows from investing activities					
Dividends, interest and rents from investments		90		158	
Capital grants from DfE and EFA		8,499		8,264	
Payments to acquire tangible fixed assets		(95,070)		(42,315)	
			(86,481)		(33,893)
Change in cash and cash equivalents in the reporting period			(133,003)		(26,648)
Cash and cash equivalents at 1 September 2015			373,921		400,569
Cash and cash equivalents at 31 August 2016			<u>240,918</u>		<u>373,921</u>

MESTY CROFT ACADEMY

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

1 Accounting policies

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

1.1 Basis of preparation

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

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

These accounts for the year ended 31 August 2016 are the first accounts of Mesty Croft Academy prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

1.2 Going concern

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

1.3 Income

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

Grants receivable

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

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

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Donations

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

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, directors' meetings and reimbursed expenses.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £ 500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Land and buildings	2%
Computer equipment	20%
Fixtures, fittings & equipment	20%

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

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

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

1.8 Taxation

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

1.9 Pensions benefits

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

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, 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 are 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.

1.10 Fund accounting

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

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

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

1.11 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

LGPS Pension Valuation

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful Economic Lives of Non-Current Assets

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

2 Comparative year information

Year ended 31 August 2015	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2015 £
Income and endowments from:				
Donations and capital grants	11,680	-	8,264	19,944
Charitable activities:				
- Funding for	-	1,923,930	-	1,923,930
Other trading activities	-	31,371	-	31,371
Investments	158	-	-	158
Total income and endowments	11,838	1,955,301	8,264	1,975,403
Expenditure on:				
Charitable activities:				
- Educational operations	-	1,964,698	180,159	2,144,857
Total expenditure	-	1,964,698	180,159	2,144,857
Net income/(expenditure)	11,838	(9,397)	(171,895)	(169,454)
Transfers between funds	-	(34,051)	34,051	-
Other recognised gains and losses				
Actuarial gains/(losses) on defined benefit pension schemes	-	(32,000)	-	(32,000)
Net movement in funds	11,838	(75,448)	(137,844)	(201,454)

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	8,499	8,499	8,264
Other donations	18,071	-	18,071	11,680
	<u>18,071</u>	<u>8,499</u>	<u>26,570</u>	<u>19,944</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	1,611,140	1,611,140	1,556,591
Other DfE / EFA grants	-	140,514	140,514	136,366
	<u>-</u>	<u>1,751,654</u>	<u>1,751,654</u>	<u>1,692,957</u>
Other government grants				
Local authority grants	-	201,887	201,887	230,973
	<u>-</u>	<u>201,887</u>	<u>201,887</u>	<u>230,973</u>
Total funding	<u>-</u>	<u>1,953,541</u>	<u>1,953,541</u>	<u>1,923,930</u>

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Catering income	-	17,043	17,043	15,824
Contributions to trips	-	6,225	6,225	15,547
	<u>-</u>	<u>23,268</u>	<u>23,268</u>	<u>31,371</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	90	-	90	158
	<u>90</u>	<u>-</u>	<u>90</u>	<u>158</u>

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	1,369,064	-	203,304	1,572,368	1,565,645
- Allocated support costs	238,467	216,552	186,605	641,624	579,212
	<u>1,607,531</u>	<u>216,552</u>	<u>389,909</u>	<u>2,213,992</u>	<u>2,144,857</u>
Total expenditure	<u>1,607,531</u>	<u>216,552</u>	<u>389,909</u>	<u>2,213,992</u>	<u>2,144,857</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees paid to auditor for audit services	4,950	4,950
Operating lease rentals	-	1,980
Depreciation of tangible fixed assets	185,716	180,159
	<u></u>	<u></u>

8 Charitable activities

	2016 £	2015 £
All from restricted funds:		
Direct costs - educational operations	1,572,368	1,565,645
Support costs - educational operations	641,624	579,212
	<u>2,213,992</u>	<u>2,144,857</u>

	2016 £	2015 £
Analysis of support costs		
Support staff costs	238,467	190,714
Depreciation and amortisation	185,716	180,159
Premises costs	63,797	46,600
Other support costs	136,881	149,969
Governance costs	16,763	11,770
	<u>641,624</u>	<u>579,212</u>

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

9 Staff costs

	2016 £	2015 £
Wages and salaries	1,097,798	1,185,855
Social security costs	75,047	73,601
Operating costs of defined benefit pension schemes	169,571	148,209
Staff costs	1,342,416	1,407,665
Supply staff costs	233,646	210,880
Staff restructuring costs	18,250	-
Staff development and other staff costs	13,219	14,948
Total staff expenditure	1,607,531	1,633,493

Staff numbers

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

	2016 Number	2015 Number
Teachers	17	19
Administration and support	64	70
Management	3	3
	84	92

Higher paid staff

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

	2016 Number	2015 Number
£70,001 - £80,000	1	1

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £18,250 (2015 £0). Individually the payments were £11,250 and £7,000.

Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £241,114.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

10 Directors' remuneration and expenses

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

The value of remuneration was as follows:

A Kirby (Headteacher)

Remuneration £65,000 - £70,000 (2015: £65,000 - £70,000)

Employer's pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000)

R Mansell (Staff governor)

Remuneration £10,000 - £15,000 (2015: £10,000 - £15,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

L Thomas (Staff governor)

Remuneration £15,000 - £20,000 (2015: £30,000 - £35,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

C Jackson (Parent governor)

Remuneration £5,000 - £10,000 (2015: £5,000 - £10,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

J Smith (Staff governor)

Remuneration £5,000 - £10,000 (2015: £0)

Employer's pension contributions £0 - £5,000 (2015: £0)

During the year ended 31 August 2016, travel and subsistence expenses totalling £0 (2015: £0) were reimbursed to 0 governors (2015: 0 governors)

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

11 Directors and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £441 (2015: £368).

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2015	3,517,652	35,040	543,344	4,096,036
Additions	74,758	8,852	11,461	95,071
At 31 August 2016	3,592,410	43,892	554,805	4,191,107
Depreciation				
At 1 September 2015	208,506	10,948	362,565	582,019
Charge for the year	65,977	8,778	110,961	185,716
At 31 August 2016	274,483	19,726	473,526	767,735
Net book value				
At 31 August 2016	3,317,927	24,166	81,279	3,423,372
At 31 August 2015	3,309,146	24,092	180,779	3,514,017

13 Debtors

	2016 £	2015 £
VAT recoverable	7,732	3,378
Prepayments and accrued income	44,029	76,906
	51,761	80,284

14 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other creditors	58,460	66,747
Debt due in one year or less	8,287	8,343
Due in more than one year but not more than two years	8,287	8,343
Due in more than two years but not more than five years	24,861	25,028
Due in more than five years	25,362	33,371
	66,797	75,085

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15	Creditors: amounts falling due within one year	2016 £	2015 £
	Trade creditors	36,212	38,656
	Other taxation and social security	22,192	22,272
	Sandwell Council Creditor	8,287	8,337
	Other creditors	17,560	17,961
	Accruals and deferred income	28,524	29,910
		<u>112,775</u>	<u>117,136</u>

16	Funds	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
	Restricted general funds					
	General Annual Grant	141,862	1,611,140	(1,646,097)	(86,572)	20,333
	Start up grants	45,510	-	(45,510)	-	-
	Other DfE / EFA grants	-	140,514	(140,514)	-	-
	Other government grants	-	201,887	(201,887)	-	-
	Other restricted funds	-	23,268	(23,268)	-	-
		<u>187,372</u>	<u>1,976,809</u>	<u>(2,057,276)</u>	<u>(86,572)</u>	<u>20,333</u>
	Funds excluding pensions	187,372	1,976,809	(2,057,276)	(86,572)	20,333
	Pension reserve	(266,000)	-	29,000	(337,000)	(574,000)
		<u>(78,628)</u>	<u>1,976,809</u>	<u>(2,028,276)</u>	<u>(423,572)</u>	<u>(553,667)</u>
	Restricted fixed asset funds					
	DfE / EFA capital grants	351,889	8,499	(9,022)	-	351,366
	Inherited funds	3,071,097	-	(157,706)	-	2,913,391
	Capital expenditure from GAG	91,031	-	(18,988)	86,572	158,615
		<u>3,514,017</u>	<u>8,499</u>	<u>(185,716)</u>	<u>86,572</u>	<u>3,423,372</u>
	Total restricted funds	<u>3,435,389</u>	<u>1,985,308</u>	<u>(2,213,992)</u>	<u>(337,000)</u>	<u>2,869,705</u>
	Unrestricted funds					
	General funds	82,950	18,161	-	-	101,111
		<u>82,950</u>	<u>18,161</u>	<u>-</u>	<u>-</u>	<u>101,111</u>
	Total funds	<u>3,518,339</u>	<u>2,003,469</u>	<u>(2,213,992)</u>	<u>(337,000)</u>	<u>2,970,816</u>

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

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

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

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

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

17 Deferred income	2016 £	2015 £
Deferred income is included within:		
Creditors due within one year	23,580	25,110
	<u> </u>	<u> </u>
Deferred income at 1 September 2015	25,110	27,500
Released from previous years	(25,110)	(27,500)
Amounts deferred in the year	23,580	25,110
	<u> </u>	<u> </u>
Deferred income at 31 August 2016	23,580	25,110
	<u> </u>	<u> </u>

At the balance sheet date the academy trust was holding funds received in advance for free school meals for the autumn term 2016.

18 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £16,951 (2015: £17,705) were payable to the schemes at 31 August 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.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £83,800 (2014: £81,913).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20 per cent for employers and 5.5 - 12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £48,000.

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

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Total contributions made	2016 £	2015 £
Employer's contributions	53,000	50,000
Employees' contributions	22,000	20,000
Total contributions	75,000	70,000

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.75	4.15
Rate of increase for pensions in payment	2	2.4
Discount rate	2.2	4
Inflation assumption (CPI)	2	2.4

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

	2016 Years	2015 Years
Retiring today		
- Males	23.1	23
- Females	25.8	25
Retiring in 20 years		
- Males	25.3	26
- Females	28.1	28

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

The academy trust's share of the assets in the scheme	2016 Fair value £	2015 Fair value £
Equities	323,000	233,000
Bonds	38,000	29,000
Other bonds	47,000	39,000
Cash/liquidity	35,000	19,000
Property	43,000	33,000
Other assets	59,000	36,000
Total market value of assets	545,000	389,000
Actual return on scheme assets - gain/(loss)	81,000	(15,000)
Amounts recognised in the statement of financial activities	2016 £	2015 £
Current service cost (net of employee contributions)	78,000	66,000
Net interest cost	(54,000)	7,000
Changes in the present value of defined benefit obligations		2016 £
Obligations at 1 September 2015		655,000
Current service cost		78,000
Interest cost		27,000
Employee contributions		22,000
Actuarial loss		337,000
At 31 August 2016		1,119,000
Changes in the fair value of the academy trust's share of scheme assets		2016 £
Assets at 1 September 2015		389,000
Interest income		81,000
Employer contributions		53,000
Employee contributions		22,000
At 31 August 2016		545,000

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	3,423,372	3,423,372
Current assets	101,111	191,568	-	292,679
Creditors falling due within one year	-	(112,775)	-	(112,775)
Creditors falling due after one year	-	(58,460)	-	(58,460)
Defined benefit pension liability	-	(574,000)	-	(574,000)
	<u>101,111</u>	<u>(553,667)</u>	<u>3,423,372</u>	<u>2,970,816</u>

20 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £	2015 £
Net expenditure for the reporting period	(210,523)	(169,454)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(8,499)	(8,264)
Investment income	(90)	(158)
Defined benefit pension costs less contributions payable	25,000	16,000
Defined benefit pension net finance cost/(income)	(54,000)	7,000
Depreciation of tangible fixed assets	185,716	180,159
(Increase)/decrease in debtors	28,522	2,124
Increase/(decrease) in creditors	(12,648)	(20,162)
Net cash used in operating activities	<u>(46,522)</u>	<u>7,245</u>

21 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which directors have an interest. All transactions involving such organisations are conducted at 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.

22 Members' liability

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

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

23 Reconciliations on adoption of FRS 102

Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP and under FRS 102	3,719,793	3,518,339
1	-	-

Reconciliation of net loss for the previous financial period

	2015 £
Net expenditure as reported under previous UK GAAP and under FRS 102	(201,454)
1	-

Notes to reconciliations on adoption of FRS 102

1 - Defined Benefit Pension Valuation

The discount rate for scheme liabilities is now also used as the rate for the expected return on pension scheme assets. This has resulted in a reduction in the interest gain of £5,000 and an reduction in the actuarial loss of £5,000 in the comparative period. There is no effect on reserves as a result of the restatement.