

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 2017

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MESTY CROFT ACADEMY

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MESTY CROFT ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Directors

Mrs L Bray (Head Teacher) (Accounting Officer)
Mrs R Mansell (Staff Governor)
Mrs C Jackson (Community Governor)
Mr A Houlston (Parent Governor)
Rev D Njuguna (Community Governor)
Mr M Babb (Chairman)
Miss J Smith (Staff Governor)
Mrs E Barker (Community Governor)

Members

L Bray
A Quinn
Rev D Njuguna

Senior management team

- Head Teacher	Mrs L Bray
- Deputy Head Teacher	Mr R Shaw
- Early Years Phase Leader	Miss J Smith
- KS1 Phase Leader	Miss R Kelsey
- KS2 Phase Leader	Miss S Usher

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 2017

The directors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. 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 2017 was £441 (2016: £441).

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 2017

Organisational structure

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

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

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

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

Risk management

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 4 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 2017

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 2017:

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 Headteacher
- Becoming an Associate member of Wednesbury Learning Community Trust
- The appointment of a new Early Years Leader
- Adoption of the NFER Baseline Assessment in YR
- Continued SLA with Walsall LA Attendance Service to ensure that figures remain at least in line with national
- Embedding robust evaluative arrangements to improve teaching and remove examples of inadequate teaching
- Purchase and adoption of a new whole school Religious Education scheme: Discovery RE
- Development of a Nurture Hub to meet the needs of pupils with SEMH

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 2017

Strategic Report

Achievements and performance

Achievements in the year

The academy achieved academic success in line with or above national levels in 2017.

There is a three year rising trend in GLD in EYFS and in Y1 Phonics; the differences are also being diminished for disadvantaged pupils in these year groups.

KS1 results were broadly in line with national at expected but figures for greater depth exceeded national figures.

KS2 figures were in line with or slightly below national in all areas at expected level and above national at greater depth for Writing and Maths. Progress scores are average.

The school received a Section 5 Ofsted Inspection in November 2017 where the Academy's 'overall effectiveness' was deemed Good.

EYFS	2015		2016		2017					
GLD	66%		70%		74%					
Y1	2015		2016		2017					
Phonics	78%		80%		92%					
KS1	2015		2016		2017					
Reading	79%	25%	84%	32%	76%	31%				
Writing	41%	0%	68%	20%	63%	27%				
Maths	87%	20%	73%	21%	75%	29%				
KS2	2015*		2016				2017			
Reading	86%	39%	70%	23%	2.7	103	51%	20%	-0.2	100
Writing	86%	45%	77%	23%	2.8	-	73%	20%	2.5	-
Maths	80%	55%	77%	20%	2.6	104	68%	17%	1.6	102
SPAG	93%	73%	80%	25%	-	106	68%	24%	-	105
R/W/M Combined	73%	32%	61%	14%	-	-	51%	10%	-2.7	-

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 £153,561 (2016: £547,523) 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 £236,893 (2016: £121,444) which excludes the defined benefit pension liability of £770,000 (2016: £574,000), is adequate for its immediate needs.

The academy's value of free reserves at 31 August 2017 is £121,735 (2016: £101,111) 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 2017

Restricted general funds at 31 August 2017 were in deficit by £654,842 (2016: £553,667) however this is after deducting the defined benefit liability of £770,000 (2016: £574,000). If this was excluded the balance on reserves would be £115,158 (2016: £20,333)

See funds note 16 for review of funds at 31 August 2017.

Investment policy and powers

There are no investments held by the Academy.

Plans for the future

The Academy is actively seeking to join a Multi Academy Trust. The Academy has planned improvements to the school building (PPA/Conference Room, toilet renovation, office space for the newly appointed School Business Manager). A new playground gym will be installed using Sports Premium funding. A new reading scheme has been purchased to develop reading in Key Stage Two. The Academy has commissioned Place2Be to provide a counselling service for pupils, families and staff; the Academy is also participating in the Mental Health Champion scheme. The Academy has budgeted to develop ICT provision throughout the school.

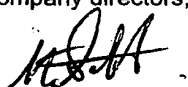
Auditor

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 19 December 2017 and signed on its behalf by:



Mr M Babb
Chairman

MESTY CROFT ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

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

Governance

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

Directors	Meetings attended	Out of possible
Mrs L Bray (Head Teacher) (Accounting Officer)	6	6
Mrs R Mansell (Staff Governor)	6	6
Mrs C Jackson (Community Governor)	6	6
Mr A Houlston (Parent Governor)	2	6
Rev D Njuguna (Community Governor)	2	6
Mr M Babb (Chairman)	6	6
Miss J Smith (Staff Governor)	6	6
Mrs E Barker (Community Governor)	2	6

No formal review of governance has taken place this year, however a full review is due to take place in 2018.

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 2017

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 2016 to 31 August 2017 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 2016 to 31 August 2017 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.

The work completed by the Responsible Officer has not been formally reported; this is an area for improvement in the next academic year.

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.

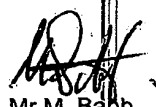
MESTY CROFT ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 19 December 2017 and signed on its behalf by:



Mr M Baob
Chairman

MESTY CROFT ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of Mesty Croft Academy I have considered my responsibility to notify the academy trust board of directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust'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 2016.

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



Mrs L. Bray (Head Teacher)
Accounting Officer

19 December 2017

MESTY CROFT ACADEMY

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

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

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

In preparing these accounts, the directors are required to:

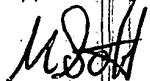
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the board of directors on 19 December 2017 and signed on its behalf by:



Mr M Baob
Chairman

MESTY CROFT ACADEMY

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

Opinion

We have audited the accounts of Mesty Croft Academy for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 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 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

MESTY CROFT ACADEMY

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Directors' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

MESTY CROFT ACADEMY

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

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. 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 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.


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

Dated: 19 December 2017

Chartered Accountants
Statutory Auditor

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

MESTY CROFT ACADEMY

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

In accordance with the terms of our engagement letter dated 18 July 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mesty Croft Academy during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Mesty Croft Academy's funding agreement with the Secretary of State for Education dated 11 July 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:


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

MESTY CROFT ACADEMY

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 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: 19 December 2017

MESTY CROFT ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	2	20,536	-	8,628	29,164	26,570
Charitable activities:						
- Funding for educational operations	3	-	1,937,285	-	1,937,285	1,953,541
Other trading activities	4	-	30,454	-	30,454	23,268
Investments	5	88	-	-	88	90
Total income and endowments		20,624	1,967,739	8,628	1,996,991	2,003,469
Expenditure on:						
Charitable activities:						
- Educational operations	7	-	1,893,084	145,468	2,038,552	2,213,992
Total expenditure	6	-	1,893,084	145,468	2,038,552	2,213,992
Net income/(expenditure)		20,624	74,655	(136,840)	(41,561)	(210,523)
Transfers between funds		-	(63,831)	63,831	-	-
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	18	-	(112,000)	-	(112,000)	(337,000)
Net movement in funds		20,624	(101,176)	(73,009)	(153,561)	(547,523)
Reconciliation of funds						
Total funds brought forward		101,111	(553,666)	3,423,372	2,970,817	3,518,339
Total funds carried forward		121,735	(654,842)	3,350,363	2,817,256	2,970,816

MESTY CROFT ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	11	3,350,363	3,423,372
Current assets			
Debtors	12	69,199	51,761
Cash at bank and in hand		339,601	240,918
		408,800	292,679
Current liabilities			
Creditors: amounts falling due within one year	13	(121,734)	(112,775)
Net current assets		287,066	179,904
Total assets less current liabilities		3,637,429	3,603,276
Creditors: amounts falling due after more than one year	14	(50,173)	(58,460)
Net assets excluding pension liability		3,587,256	3,544,816
Defined benefit pension liability	18	(770,000)	(574,000)
Net assets		2,817,256	2,970,816
Funds of the academy trust:			
Restricted funds:	16		
- Fixed asset funds		3,350,363	3,423,372
- Restricted income funds		115,158	20,333
- Pension reserve		(770,000)	(574,000)
Total restricted funds		2,695,521	2,869,705
Unrestricted income funds	16	121,735	101,111
Total funds		2,817,256	2,970,816

The accounts were approved by the board of directors and authorised for issue on 19 December 2017 and are signed on its behalf by:



Mr M Baob
Chairman

Company Number 7987596

MESTY CROFT ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	19		162,426		(46,522)
Cash flows from investing activities					
Dividends, interest and rents from investments		88		90	
Capital grants from DfE and EFA		8,628		8,499	
Payments to acquire tangible fixed assets		(72,459)		(95,070)	
			(63,743)		(86,481)
Change in cash and cash equivalents in the reporting period			98,683		(133,003)
Cash and cash equivalents at 1 September 2016			240,918		373,921
Cash and cash equivalents at 31 August 2017			339,601		240,918

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The directors assess whether the use of going concern is appropriate, 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

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

Donations

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

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Other income

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

Donated 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'.

Donated fixed assets

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

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 2017

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 of 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 Financial instruments

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

Financial assets

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

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.9 Taxation

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

1.10 Pensions benefits

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

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.

1.11 Fund accounting

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

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

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

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	8,628	8,628	8,499
Other donations	20,536	-	20,536	18,071
	<u>20,536</u>	<u>8,628</u>	<u>29,164</u>	<u>26,570</u>

The income from donations and capital grants was £29,164 (2016: £26,570) of which £20,536 was unrestricted (2016: £18,071) and £8,628 was restricted fixed assets (2016: £8,499).

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,627,508	1,627,508	1,611,140
Other DfE / ESFA grants	-	150,723	150,723	140,514
	<u>-</u>	<u>1,778,231</u>	<u>1,778,231</u>	<u>1,751,654</u>
Other government grants				
Local authority grants	-	159,054	159,054	201,887
	<u>-</u>	<u>159,054</u>	<u>159,054</u>	<u>201,887</u>
Total funding	<u>-</u>	<u>1,937,285</u>	<u>1,937,285</u>	<u>1,953,541</u>

The income from funding for educational operations was £1,937,285 (2016: £1,953,541) of which £1,937,285 was restricted (2016: £1,953,541).

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Catering income	-	21,583	21,583	17,043
Contributions to trips	-	8,871	8,871	6,225
	<u>-</u>	<u>30,454</u>	<u>30,454</u>	<u>23,268</u>

The income from other trading activities was £30,454 (2016: £23,268) of which £30,454 was restricted (2016: £23,268).

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	88	-	88	90

The income from funding for investment income was £88 (2016: £90) of which £88 was unrestricted (2016: £90).

6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Academy's educational operations					
- Direct costs	1,288,398	-	97,711	1,386,109	1,572,368
- Allocated support costs	286,186	204,018	162,239	652,443	641,624
	<u>1,574,584</u>	<u>204,018</u>	<u>259,950</u>	<u>2,038,552</u>	<u>2,213,992</u>

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for audit services	4,700	4,950
Depreciation of tangible fixed assets	145,468	185,716
Net interest on defined benefit pension liability	12,000	(54,000)

7 Charitable activities

	2017 £	2016 £
All from restricted funds:		
Direct costs - educational operations	1,386,109	1,572,368
Support costs - educational operations	652,443	641,624
	<u>2,038,552</u>	<u>2,213,992</u>

The expenditure on educational operations was £2,038,552 (2016: £2,213,992) of which £1,893,084 was restricted (2016: £2,028,276) and £145,468 was restricted fixed assets (2016: £185,716).

	2017 £	2016 £
Analysis of support costs		
Support staff costs	286,186	238,467
Depreciation and amortisation	145,468	185,716
Premises costs	44,853	63,797
Other support costs	160,166	136,881
Governance costs	15,770	16,763

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

7 Charitable activities (Continued)

652,443	641,624
---------	---------

8 Staff costs

	2017 £	2016 £
Wages and salaries	1,115,018	1,097,798
Social security costs	85,458	75,047
Operating costs of defined benefit pension schemes	224,430	169,571
Staff costs	1,424,906	1,342,416
Supply staff costs	122,549	233,646
Staff restructuring costs	10,000	18,250
Staff development and other staff costs	17,129	13,219
Total staff expenditure	1,574,584	1,607,531

Staff numbers

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

	2017 Number	2016 Number
Teachers	17	17
Administration and support	57	64
Management	3	3
	77	84

Higher paid staff

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

	2017 Number	2016 Number
£70,001 - £80,000	-	1

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £10,000 (2016: £18,250). Individually, the payments were: £10,000.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

(Continued)

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 £258,137 (2016 £241,626).

9 Directors' remuneration and expenses

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

The value of remuneration was as follows:

L Bray (Headteacher)

Remuneration £55,000 - £60,000 (2016: £45,000 - £50,000)

Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

R Mansell (Staff governor)

Remuneration £10,000 - £15,000 (2016: £10,000 - £15,000)

Employer's pension contributions £0 - £5,000 (2016: £0 - £5,000)

C Jackson (Parent governor)

Remuneration £5,000 - £10,000 (2016: £5,000 - £10,000)

Employer's pension contributions £0 - £5,000 (2016: £0 - £5,000)

J Smith (Staff governor)

Remuneration £25,000 - £30,000 (2015: £5,000 - £10,000)

Employer's pension contributions £0 - £5,000 (2016: £0 - £5,000)

During the year ended 31 August 2017, travel and subsistence expenses totalling £0 (2016: £0) were reimbursed to 0 governors (2016: 0 governors)

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

10 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 2017 was £441 (2016: £441).

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2016	3,592,409	43,892	554,806	4,191,107
Additions	65,134	6,750	575	72,459
At 31 August 2017	3,657,543	50,642	555,381	4,263,566
Depreciation				
At 1 September 2016	274,482	19,726	473,527	767,735
Charge for the year	67,280	9,667	68,521	145,468
At 31 August 2017	341,762	29,393	542,048	913,203
Net book value				
At 31 August 2017	3,315,781	21,249	13,333	3,350,363
At 31 August 2016	3,317,927	24,166	81,279	3,423,372

12 Debtors

	2017 £	2016 £
VAT recoverable	16,505	7,732
Prepayments and accrued income	52,694	44,029
	69,199	51,761

13 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	31,089	36,212
Other taxation and social security	20,488	22,192
Sandwell Council Creditor	16,574	8,287
Other creditors	20,748	17,560
Accruals and deferred income	32,835	28,524
	121,734	112,775

14 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other creditors	50,173	58,460
Debt due in one year or less	16,574	8,287
Due in more than one year but not more than two years	8,287	8,287

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

		(Continued)	
14	Creditors: amounts falling due after more than one year	2017	2016
	Due in more than two years but not more than five years	24,861	24,861
	Due in more than five years	17,075	25,362
		<u>66,797</u>	<u>66,797</u>
15	Deferred income	2017	2016
		£	£
	Deferred income is included within:		
	Creditors due within one year	25,557	23,580
		<u>25,557</u>	<u>23,580</u>
	Deferred income at 1 September 2016	23,580	25,110
	Released from previous years	(23,580)	(25,110)
	Amounts deferred in the year	25,557	23,580
		<u>25,557</u>	<u>23,580</u>
	Deferred income at 31 August 2017	25,557	23,580

At the balance sheet date the academy trust was holding funds received in advance for free school meals for the autumn term 2017.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	20,334	1,627,508	(1,468,853)	(63,831)	115,158
Other DfE / ESFA grants	-	150,723	(150,723)	-	-
Other government grants	-	159,054	(159,054)	-	-
Other restricted funds	-	30,454	(30,454)	-	-
	<u>20,334</u>	<u>1,967,739</u>	<u>(1,809,084)</u>	<u>(63,831)</u>	<u>115,158</u>
Funds excluding pensions	20,334	1,967,739	(1,809,084)	(63,831)	115,158
Pension reserve	(574,000)	-	(84,000)	(112,000)	(770,000)
	<u>(553,666)</u>	<u>1,967,739</u>	<u>(1,893,084)</u>	<u>(175,831)</u>	<u>(654,842)</u>
Restricted fixed asset funds					
Transferred on conversion	2,913,391	-	(115,401)	-	2,797,990
DfE / ESFA capital grants	351,366	8,628	(9,161)	-	350,833
Capital expenditure from GAG	158,615	-	(20,906)	63,831	201,540
	<u>3,423,372</u>	<u>8,628</u>	<u>(145,468)</u>	<u>63,831</u>	<u>3,350,363</u>
Total restricted funds	<u>2,869,706</u>	<u>1,976,367</u>	<u>(2,038,552)</u>	<u>(112,000)</u>	<u>2,695,521</u>
Unrestricted funds					
General funds	<u>101,111</u>	<u>20,624</u>	<u>-</u>	<u>-</u>	<u>121,735</u>
Total funds	<u>2,970,817</u>	<u>1,996,991</u>	<u>(2,038,552)</u>	<u>(112,000)</u>	<u>2,817,256</u>

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

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

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

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

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

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and 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 / ESFA 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					
Transferred on conversion	3,071,097	-	(157,706)	-	2,913,391
DfE / ESFA capital grants	351,889	8,499	(9,022)	-	351,366
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	<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>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	3,350,363	3,350,363
Current assets	121,735	287,065	-	408,800
Creditors falling due within one year	-	(121,734)	-	(121,734)
Creditors falling due after one year	-	(50,173)	-	(50,173)
Defined benefit pension liability	-	(770,000)	-	(770,000)
	<u>121,735</u>	<u>(654,842)</u>	<u>3,350,363</u>	<u>2,817,256</u>

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

17 Analysis of net assets between funds

(Continued)

	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>

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

Contributions amounting to £20,649 (2016: £16,951) 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.

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

Valuation of the Teachers' Pension Scheme

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

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

(Continued)

- 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% 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 £83,800 (2016: £83,800).

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

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

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

Total contributions made	2017 £	2016 £
Employer's contributions	43,000	53,000
Employees' contributions	21,000	22,000
Total contributions	64,000	75,000

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

(Continued)

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	4.2	3.75
Rate of increase for pensions in payment	2.7	2
Discount rate	2.6	2.2
Inflation assumption (CPI)	2.7	2

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

	2017 Years	2016 Years
Retiring today		
- Males	21.8	23.1
- Females	24.3	25.8
Retiring in 20 years		
- Males	24.0	25.3
- Females	26.6	28.1

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

	2017 Fair value £	2016 Fair value £
Equities	445,000	323,000
Bonds	51,000	38,000
Other bonds	27,000	47,000
Cash/liquidity	35,000	35,000
Property	51,000	43,000
Other assets	93,000	59,000

Total market value of assets	702,000	545,000
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Actual return on scheme assets - gain/(loss)	94,000	81,000
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Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost	115,000	78,000
Interest income	(13,000)	(81,000)
Interest cost	25,000	27,000
Total operating charge	127,000	24,000

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations		(Continued)
Changes in the present value of defined benefit obligations	2017 £	2016 £
Obligations at 1 September 2016	1,119,000	655,000
Current service cost	115,000	78,000
Interest cost	25,000	27,000
Employee contributions	21,000	22,000
Actuarial loss	193,000	337,000
Benefits paid	(1,000)	-
At 31 August 2017	1,472,000	1,119,000
Changes in the fair value of the academy trust's share of scheme assets	2017 £	2016 £
Assets at 1 September 2016	545,000	389,000
Interest income	13,000	81,000
Actuarial gain	81,000	-
Employer contributions	43,000	53,000
Employee contributions	21,000	22,000
Benefits paid	(1,000)	-
At 31 August 2017	702,000	545,000
19 Reconciliation of net expenditure to net cash flows from operating activities	2017 £	2016 £
Net expenditure for the reporting period	(41,561)	(210,523)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(8,628)	(8,499)
Investment income receivable	(88)	(90)
Defined benefit pension costs less contributions payable	72,000	25,000
Defined benefit pension net finance cost/(income)	12,000	(54,000)
Depreciation of tangible fixed assets	145,468	185,716
(Increase)/decrease in debtors	(17,437)	28,522
Increase/(decrease) in creditors	672	(12,648)
Net cash provided by operating activities	162,426	(46,522)

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2017**

20 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.

21 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.