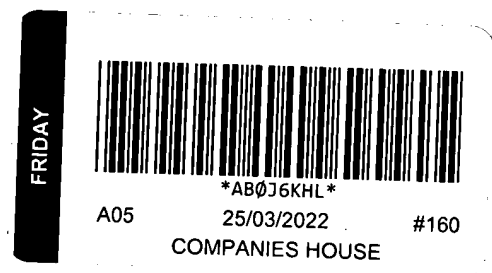


Company Registration No. 7987596 (England and Wales)

MESTY CROFT ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2021



MESTY CROFT ACADEMY

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MESTY CROFT ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Members

A Kirby (Resigned 5 November 2020)
P Griffiths (Resigned 5 November 2020)
C Wharton (Resigned 5 November 2020)
A Houlston (Appointed 5 November 2020)
C Hinson (Appointed 5 November 2020)
P Coldicott (Appointed 5 November 2020)

Directors

Mrs L Bray (Head Teacher) (Accounting Officer)
Mrs C Jackson (Community Governor) (Resigned 6 September 2021)
Mr A Houlston (Chairman)
Mr B Patel-Sadler (Parent Governor) (Resigned 14 September 2020)
Mrs S Felton (Parent Governor)
Mrs C Hodgkins (Co-opted Governor)

Senior management team

| | |
|---------------------------|----------------|
| - Head Teacher | Mrs L Bray |
| - Deputy Head Teacher | Mr R Shaw |
| - Assistant Head Teacher | Mrs R Cuzick |
| - EYFS Lead and SENCo | Mrs S Aggarwal |
| - School Business Manager | Mrs J Rana |

Secretary

Mrs J Rana

Company registration number

7987596 (England and Wales)

Principal address

St Lukes Road
Wednesbury
West Midlands
WS10 0QY

Registered office

St Lukes Road
Wednesbury
West Midlands
WS10 0QY

Independent auditor

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

MESTY CROFT ACADEMY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

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

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

Members' liability

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

Directors' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period to 31 August 2021 was £95 (2020: £95).

Principal activities

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

Method of recruitment and appointment or election of directors

Mesty Croft Academy shall have the following Directors:

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

Policies and procedures adopted for the induction and training of directors

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

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

Fundraising

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

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Organisational structure

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

The Directors are responsible for setting general policy, adopting a School Development Plan and Budget, monitoring the Academy, holding Leaders to account, capital expenditure and senior staff appointments. During the year under review the Directors held 3 Full Board of Directors' Meetings. The Board of Directors appointed an external Clerk who attends Directors' Meetings and assists and advises Directors as necessary.

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

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

Risk management

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

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

The Academy works together with parents to provide children with resources and experiences that will enrich their education and facilitate their enjoyment of learning. Mesty Croft Academy PTA is a charitable group who organise fund raising opportunities for the whole school community. There were no fundraising opportunities undertaken during the last year.

Objectives and activities

Objects and aims

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

Mission Statement

Inspiring our next generation to believe and achieve.

Values

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

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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

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

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

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

Objectives, strategies and activities

The main objectives of Mesty Croft Academy during the year ending 31st August 2021:

1. Quality of Education

- To revise the curriculum three Is: Intent, Implementation and Impact in light of Covid-19
- To develop a remote learning offer that ensures a broad, ambitious and blended curriculum

2. Behaviour and Attitudes

- To ensure that Learning Behaviours allow pupils to study effectively

3. Personal Development

- To launch and deliver a Recovery Curriculum with a focus on Wellbeing
- To develop a wider extra-curricular offer to enhance children's learning and opportunities

4. Leadership and Management

- To review staff workload and revise approaches to staff wellbeing; stress management and resilience
- To actively identify and pursue joining a Multi-Academy Trust

5. EYFS

- To continue to develop our EYFS curriculum to nurture, engage, motivate and capture children's interests

To enhance and develop the outdoor environment

Activities during this report period have included:

- Actively seeking to join a Multi-Academy Trust with Perry Hall MAT being identified and a provisional conversion date of 1 September 2021
- Development of a Remote Learning Curriculum using Microsoft Teams to deliver live lessons
- Recovery curriculum in place for all pupils in response to lost learning during the Pandemic
- ReadWriteInc (RWI) Phonics to be embedded to continue to develop and enhance Early Reading

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Public benefit

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

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

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

Strategic Report

Achievements and performance

Achievements in the year

The Academy continues to make good progress.

Awards/Recognition

- We currently hold three Quality Marks: Primary Quality Mark (2018-2021), Primary Science Quality Mark (PSQM) Silver (2018-2021) and Primary Geography Quality Mark (PGQM) Bronze (2018-2021).
- In 2021, the Academy requested and received LA moderation remotely in YR; all judgements were agreed and upheld

Key performance indicators

EYFS (Based on 2019 due to no published data for 2021)

Good Level of Development (GLD) 66%

Phonics Screening Check

Year 1 72%

Year 2 47%

| KS1 | Expected Standard | Above Expected |
|----------------|-------------------|----------------|
| Reading | 70% | 18% |
| Writing | 60% | 3% |
| Maths | 73% | 20% |
| R/W/M Combined | 60% | 0% |

| KS2 | Expected Standard | Above Expected |
|----------------|-------------------|----------------|
| Reading | 52% | 11% |
| Writing | 61% | 15% |
| Maths | 69% | 16% |
| GPS | 80% | 26% |
| R/W/M Combined | 40% | 5% |

Attendance (2020) 95.52%

PA 13.62%

Going concern

The Board of Directors/Trustees has not adopted the going concern basis of accounting as the Academy has joined the Perry Hall Multi Academy Trust on 1 October 2021. The activities of the school and the assets and liabilities were transferred over at that date.

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 £443,954 deficit (2020: deficit of £377,061) has been generated by the Academy.

Principal risks and uncertainties

Reserves policy

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

The directors have determined that the level of reserves, which are not invested in fixed assets at the year end, of £649,988 (2020: £588,957) which excludes the defined benefit pension liability of £1,870,000 (2020: £1,397,000), is adequate for its immediate needs.

The academy's value of free reserves at 31 August 2021 is £212,586 (2020:£197,192) being the income funds that are freely available for its general purposes (this does not include restricted funds or any part of unrestricted funds not readily available for spending).

Restricted general funds at 31 August 2020 were in deficit by £1,432,598 (2020: £1,000,152) however this is after deducting the defined benefit liability of £1,870,000 (2020: £1,397,000). If this was excluded the balance on reserves would be £437,402 (2020: £396,848)

See funds note 16 for review of funds at 31 August 2021.

Investment policy and powers

There are no investments held by the Academy.

Plans for the future

The Academy is committed to raising standards for all pupils; its key focus for the future is to develop Early Years; this includes developing the outdoor environment and ensuring that the YR classrooms are fit for purpose (current demountable classrooms require investment to either refurbish or replace with a new or reconditioned unit). To ensure that all pupils leave KS1 able to read, we have invested in ReadWriteInc (RWI); all staff have been trained in the program. The Academy has launched its new broad and ambitious curriculum and now plans to ensure that the extra-curricular offer complements this. The Academy has completed a consultation to join Perry Hall Multi-Academy Trust (PHMAT); Conversion date is 1 October 2021.

MESTY CROFT ACADEMY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 15 December 2021 and signed on its behalf by:



Mrs C Hodgkins
Co-opted Governor

MESTY CROFT ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

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 3 times during the year. Attendance during the year at meetings of the board of directors was as follows:

| Directors | Meetings attended | Out of possible |
|--|--------------------------|------------------------|
| Mrs L Bray (Head Teacher) (Accounting Officer) | 3 | 3 |
| Mrs C Jackson (Community Governor) (Resigned 6 September 2021) | 3 | 3 |
| Mr A Houlston (Chairman) | 3 | 3 |
| Mr B Patel-Sadler (Parent Governor) (Resigned 14 September 2020) | 0 | 0 |
| Mrs S Felton (Parent Governor) | 3 | 3 |
| Mrs C Hodgkins (Co-opted Governor) | 2 | 3 |

One Parent Governor resigned in year. There have been challenges around recruitment of Governors this year, mainly due to Covid-19 restrictions.

The Board met as a Full Board three times this year with a two further committees: Finance & Audit and Curriculum & Data each meeting three times this year. Due to Covid-19 restrictions, the majority of meetings have been held virtually. In addition, this year there have been three Extraordinary Meetings all related to due diligence around joining a MAT, namely Perry Hall Multi-Academy Trust (PHMAT). Budget Monitoring has taken place three times per year and was presented to the Finance and Audit Committee. Data was presented to the Curriculum and Data committee termly and is cross-referenced to the School Improvement Plan to ensure value for money.

There has been no external review of governance in year; the Trust Board will become a Local Governing Body from 1 October 2021 at the point of transfer to PHMAT.

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.

MESTY CROFT ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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.

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 2020 to 31 August 2021 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 2020 to 31 August 2021 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;
- identification and management of risks.

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

- The board of directors has considered the need for a specific internal audit function and has decided to continue with the appointment of an external internal auditor. For the year 2020/21, the internal scrutiny service was performed by S4S.

The internal auditor has delivered their schedule of work as planned. There were no material control issues noted.

MESTY CROFT ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Review of effectiveness

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

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

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

Approved by order of the board of directors on 15 December 2021 and signed on its behalf by:



Mrs C Hodgkins
Co-opted Governor

MESTY CROFT ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2021

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 terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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 2020.

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

15 December 2021

MESTY CROFT ACADEMY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The directors (who also act as trustees for Mesty Croft Academy) are responsible for preparing the directors' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 published 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 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of directors on 15 December 2021 and signed on its behalf by:



Mrs C Hodgkins
Co-opted Governor

MESTY CROFT ACADEMY

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

FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the accounts of Mesty Croft Academy for the year ended 31 August 2021 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 2019 and the Academies Accounts Direction 2020 to 2021 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 2021 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 2019 and the Academies Accounts Direction 2020 to 2021.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

MESTY CROFT ACADEMY

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

FOR THE YEAR ENDED 31 AUGUST 2021

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the accounts

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

MESTY CROFT ACADEMY

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

FOR THE YEAR ENDED 31 AUGUST 2021

We identified and assessed the risks of material misstatement of the financial statements, in respect of irregularities whether due to fraud or error, or non compliance with laws and regulations and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company by discussion and enquiry with the Governors and management team and our general knowledge and experience of the education sector.

We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Academies Financial Handbook and Academy Accounts Direction, employment, and health and safety legislation;

We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, reviewing correspondence with Ofsted and reviewing board minutes.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed included but were not limited to:

- Discussions with directors and management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Confirming our understanding of controls by performing a walk through test or observation and enquiry;
- Performing analytical procedures to identify any unusual or unexpected relationships;
- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries;
- Reviewing unusual or unexpected transactions; and
- Agreeing the financial statement disclosures to underlying supporting documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

MESTY CROFT ACADEMY

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

FOR THE YEAR ENDED 31 AUGUST 2021

Use of our report

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



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

15 December 2021

Chartered Accountants
Statutory Auditor

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

MESTY CROFT ACADEMY

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

FOR THE YEAR ENDED 31 AUGUST 2021

Use of our report

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



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

15 December 2021

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

FOR THE YEAR ENDED 31 AUGUST 2021

In accordance with the terms of our engagement letter dated 9 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 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 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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 the internal scrutiny work that has been undertaken in the year;
- 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)

FOR THE YEAR ENDED 31 AUGUST 2021

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1 - Related Party Transactions

The trust had sought to obtain authorisation of a related party transaction in the year. This authorisation was denied by ESFA as they had not provided evidence that robust procedures had been followed in line with the Academies Financial Handbook.



Reporting Accountant
CK Audit

Dated: 15 December 2021

MESTY CROFT ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

| | Notes | Unrestricted funds £ | Restricted funds: General £ Fixed asset £ | Total 2021 £ | Total 2020 £ |
|---|-------|-------------------------|--|--------------------|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 15,316 | - | 24,650 | 39,966 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 2,224,188 | - | 2,224,188 |
| Other trading activities | 5 | - | 9,252 | - | 9,252 |
| Investments | 6 | 78 | - | - | 78 |
| Total | | 15,394 | 2,233,440 | 24,650 | 2,273,484 |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| - Educational operations | 8 | - | 2,325,369 | 107,069 | 2,432,438 |
| Total | 7 | - | 2,325,369 | 107,069 | 2,432,438 |
| Net income/(expenditure) | | 15,394 | (91,929) | (82,419) | (158,954) |
| Transfers between funds | 17 | - | (50,434) | 50,434 | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial losses on defined benefit pension schemes | 19 | - | (285,000) | - | (285,000) |
| Net movement in funds | | 15,394 | (427,363) | (31,985) | (443,954) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 197,192 | (1,005,235) | 3,218,834 | 2,410,791 |
| Total funds carried forward | | 212,586 | (1,432,598) | 3,186,849 | 1,966,837 |

MESTY CROFT ACADEMY

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

FOR THE YEAR ENDED 31 AUGUST 2021

| Comparative year information | | Unrestricted | Restricted funds: | | Total |
|---|----------|---------------|-------------------|-----------------|------------------|
| Year ended 31 August 2020 | | funds | General | Fixed asset | 2020 |
| | Notes | £ | £ | £ | £ |
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 13,895 | - | 8,937 | 22,832 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 2,150,660 | - | 2,150,660 |
| Other trading activities | 5 | - | 17,005 | - | 17,005 |
| Investments | 6 | 290 | - | - | 290 |
| Total | | 14,185 | 2,167,665 | 8,937 | 2,190,787 |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| - Educational operations | 8 | - | 2,157,118 | 104,730 | 2,261,848 |
| Total | 7 | - | 2,157,118 | 104,730 | 2,261,848 |
| Net income/(expenditure) | | 14,185 | 10,547 | (95,793) | (71,061) |
| Transfers between funds | 17 | - | (1,325) | 1,325 | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial losses on defined benefit pension schemes | 19 | - | (306,000) | - | (306,000) |
| Net movement in funds | | 14,185 | (296,778) | (94,468) | (377,061) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 183,007 | (708,457) | 3,313,302 | 2,787,852 |
| Total funds carried forward | | 197,192 | (1,005,235) | 3,218,834 | 2,410,791 |

MESTY CROFT ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|-----------|-------------|-----------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | | 3,186,849 | | 3,218,834 |
| Current assets | | | | | |
| Debtors | 13 | 56,276 | | 47,195 | |
| Cash at bank and in hand | | 772,617 | | 676,825 | |
| | | 828,893 | | 724,020 | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (162,331) | | (110,202) | |
| Net current assets | | | 666,562 | | 613,818 |
| Total assets less current liabilities | | | 3,853,411 | | 3,832,652 |
| Creditors: amounts falling due after more than one year | 15 | | (16,574) | | (24,861) |
| Net assets before defined benefit pension scheme liability | | | 3,836,837 | | 3,807,791 |
| Defined benefit pension scheme liability | 19 | | (1,870,000) | | (1,397,000) |
| Total net assets | | | 1,966,837 | | 2,410,791 |
| Funds of the academy trust: | | | | | |
| Restricted funds | 17 | | | | |
| - Fixed asset funds | | | 3,186,849 | | 3,218,834 |
| - Restricted income funds | | | 437,402 | | 391,765 |
| - Pension reserve | | | (1,870,000) | | (1,397,000) |
| Total restricted funds | | | 1,754,251 | | 2,213,599 |
| Unrestricted income funds | 17 | | 212,586 | | 197,192 |
| Total funds | | | 1,966,837 | | 2,410,791 |

The accounts were approved by the directors and authorised for issue on 15 December 2021 and are signed on their behalf by:



Mrs C Hodgkins
Co-opted Governor

Company Number 7987596

MESTY CROFT ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|-----------|----------------|-----------|----------------|
| Cash flows from operating activities | | | | | |
| Net cash provided by operating activities | 20 | | 146,148 | | 62,767 |
| Cash flows from Investing activities | | | | | |
| Dividends, interest and rents from investments | | 78 | | 290 | |
| Capital grants from DfE Group | | 24,650 | | 8,937 | |
| Purchase of tangible fixed assets | | (75,084) | | (10,262) | |
| Net cash used in investing activities | | | (50,356) | | (1,035) |
| Net increase in cash and cash equivalents in the reporting period | | | 95,792 | | 61,732 |
| Cash and cash equivalents at beginning of the year | | | 676,825 | | 615,093 |
| Cash and cash equivalents at end of the year | | | <u>772,617</u> | | <u>676,825</u> |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Academy accounts are not prepared on a going concern basis as Mesty Croft Academy's assets and operations were transferred over to the Perry Hall Multi-Academy Trust on 1st October 2021. The transfer involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis.

1.3 Income

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

Grants

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

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

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

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.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

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

1.5 Tangible fixed assets and depreciation

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

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

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

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

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

1.6 Liabilities

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

1.7 Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.8 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.9 Taxation

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

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income or expenditure 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.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.11 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

LGPS Pension Valuation

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful Economic Lives of Non-Current Assets

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

3 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2021 £ | Total 2020 £ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants | - | 24,650 | 24,650 | 8,937 |
| Other donations | 15,316 | - | 15,316 | 13,895 |
| | <u>15,316</u> | <u>24,650</u> | <u>39,966</u> | <u>22,832</u> |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

4 Funding for the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2021 £ | Total 2020 £ |
|------------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE/ESFA grants | | | | |
| General annual grant (GAG) | - | 1,693,250 | 1,693,250 | 1,674,730 |
| Other DfE/ESFA grants: | | | | |
| UFSM | - | 49,004 | 49,004 | 50,245 |
| Pupil premium | - | 157,507 | 157,507 | 159,766 |
| Others | - | 102,820 | 102,820 | 99,114 |
| | - | 2,002,581 | 2,002,581 | 1,983,855 |
| Other government grants | | | | |
| Local authority grants | - | 188,487 | 188,487 | 163,708 |
| COVID-19 additional funding | | | | |
| DfE/ESFA | | | | |
| Other DfE/ESFA COVID-19 funding | - | 33,120 | 33,120 | 3,097 |
| Total funding | - | 2,224,188 | 2,224,188 | 2,150,660 |

5 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2021 £ | Total 2020 £ |
|------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Catering income | - | 9,252 | 9,252 | 10,839 |
| Contributions to trips | - | - | - | 6,166 |
| | - | 9,252 | 9,252 | 17,005 |

6 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2021 £ | Total 2020 £ |
|---------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | 78 | - | 78 | 290 |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

7 Expenditure

| | Staff costs £ | Non-pay expenditure Premises £ | Other £ | Total 2021 £ | Total 2020 £ |
|----------------------------------|------------------|--------------------------------------|----------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 1,445,828 | - | 90,502 | 1,536,330 | 1,468,309 |
| - Allocated support costs | 502,874 | 160,809 | 232,425 | 896,108 | 793,539 |
| | <u>1,948,702</u> | <u>160,809</u> | <u>322,927</u> | <u>2,432,438</u> | <u>2,261,848</u> |

Net income/(expenditure) for the year includes:

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Fees payable to auditor for audit services | 5,600 | 5,600 |
| Depreciation of tangible fixed assets | 107,069 | 104,730 |
| Net interest on defined benefit pension liability | 22,000 | 18,000 |
| | <u></u> | <u></u> |

8 Charitable activities

| | 2021 £ | 2020 £ |
|----------------------------|------------------|------------------|
| All from restricted funds: | | |
| Direct costs | | |
| Educational operations | 1,536,330 | 1,468,309 |
| Support costs | | |
| Educational operations | 896,108 | 793,539 |
| | <u>2,432,438</u> | <u>2,261,848</u> |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

8 Charitable activities (Continued)

| | 2021 £ | 2020 £ |
|----------------------------------|----------------|----------------|
| Analysis of support costs | | |
| Support staff costs | 502,874 | 413,908 |
| Depreciation | 107,069 | 104,730 |
| Premises costs | 53,740 | 76,615 |
| Other support costs | 198,718 | 181,422 |
| Governance costs | 33,707 | 16,864 |
| | <u>896,108</u> | <u>793,539</u> |

9 Staff

Staff costs

Staff costs during the year were:

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Wages and salaries | 1,325,861 | 1,239,601 |
| Social security costs | 111,924 | 106,599 |
| Pension costs | 457,418 | 367,585 |
| Staff costs - employees | <u>1,895,203</u> | <u>1,713,785</u> |
| Agency staff costs | 52,288 | 81,166 |
| Staff restructuring costs | 1,211 | 7,455 |
| | <u>1,948,702</u> | <u>1,802,406</u> |
| Staff development and other staff costs | 18,029 | 4,489 |
| Total staff expenditure | <u>1,966,731</u> | <u>1,806,895</u> |

Staff restructuring costs comprise:

| | | |
|--------------------|--------------|--------------|
| Severance payments | <u>1,211</u> | <u>7,455</u> |
|--------------------|--------------|--------------|

Staff numbers

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

| | 2021 Number | 2020 Number |
|----------------------------|----------------|----------------|
| Teachers | 16 | 14 |
| Administration and support | 42 | 40 |
| Management | 5 | 6 |
| | <u>63</u> | <u>60</u> |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Staff

(Continued)

Higher paid staff

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

| | 2021 Number | 2020 Number |
|-------------------|----------------|----------------|
| £60,001 - £70,000 | 1 | 1 |

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 £356,136 (2020 £395,153).

10 Directors' remuneration and expenses

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

The value of remuneration was as follows:

L Bray (Headteacher)

Remuneration £60,000 - £65,000 (2020: £60,000 - £65,000)

Employer's pension contributions £15,000 - £20,000 (2020: 10,000 - £15,000)

C Jackson (Parent governor)

Remuneration £10,000 - £15,000 (2020: £10,000 - £15,000)

Employer's pension contributions £0 - £5,000 (2020: £0 - £5,000)

During the year ended 31 August 2021 there were no travel and subsistence expenses (2020: £0) to be reimbursed to governors (2020: 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 trustees 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.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

12 Tangible fixed assets

| | Leasehold land and buildings £ | Computer equipment £ | Fixtures, fittings & equipment £ | Total £ |
|-----------------------|---|----------------------------|---|------------|
| Cost | | | | |
| At 1 September 2020 | 3,685,887 | 95,993 | 665,916 | 4,447,796 |
| Additions | 2,861 | 56,883 | 15,340 | 75,084 |
| At 31 August 2021 | 3,688,748 | 152,876 | 681,256 | 4,522,880 |
| Depreciation | | | | |
| At 1 September 2020 | 544,733 | 71,119 | 613,110 | 1,228,962 |
| Charge for the year | 67,865 | 16,072 | 23,132 | 107,069 |
| At 31 August 2021 | 612,598 | 87,191 | 636,242 | 1,336,031 |
| Net book value | | | | |
| At 31 August 2021 | 3,076,150 | 65,685 | 45,014 | 3,186,849 |
| At 31 August 2020 | 3,141,154 | 24,874 | 52,806 | 3,218,834 |

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

13 Debtors

| | 2021 £ | 2020 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 247 | - |
| VAT recoverable | 10,836 | 5,971 |
| Prepayments and accrued income | 45,193 | 41,224 |
| | 56,276 | 47,195 |

14 Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 50,538 | 24,652 |
| Other taxation and social security | 47,709 | 26,537 |
| Sandwell Council Creditor | 8,287 | 8,287 |
| Other creditors | 20 | - |
| Accruals and deferred income | 55,777 | 50,726 |
| | 162,331 | 110,202 |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

15 Creditors: amounts falling due after more than one year

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| Other creditors | 16,574 | 24,861 |
| | <u>16,574</u> | <u>24,861</u> |
| Debt due in one year or less | 8,287 | 8,287 |
| Due in more than one year but not more than two years | 8,287 | 8,287 |
| Due in more than two years but not more than five years | 8,287 | 16,574 |
| | <u>24,861</u> | <u>33,148</u> |

16 Deferred income

| | 2021 £ | 2020 £ |
|-------------------------------------|---------------|---------------|
| Deferred income is included within: | | |
| Creditors due within one year | 26,967 | 37,620 |
| | <u>26,967</u> | <u>37,620</u> |
| Deferred income at 1 September 2020 | 37,620 | 33,352 |
| Released from previous years | (37,620) | (33,352) |
| Amounts deferred in the year | 26,967 | 37,620 |
| | <u>26,967</u> | <u>37,620</u> |
| Deferred income at 31 August 2021 | 26,967 | 37,620 |

At the balance sheet date the academy trust was holding funds received in advance for free school meals for the autumn term 2021.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

17 Funds

| | Balance at 1 September 2020 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2021 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 391,765 | 1,693,250 | (1,597,179) | (50,434) | 437,402 |
| UIFSM | - | 49,004 | (49,004) | - | - |
| Pupil premium | - | 157,507 | (157,507) | - | - |
| Other DfE/ESFA COVID-19 funding | - | 33,120 | (33,120) | - | - |
| Other DfE/ESFA grants | - | 102,820 | (102,820) | - | - |
| Other government grants | - | 188,487 | (188,487) | - | - |
| Other restricted funds | - | 9,252 | (9,252) | - | - |
| Pension reserve | (1,397,000) | - | (188,000) | (285,000) | (1,870,000) |
| | <u>(1,005,235)</u> | <u>2,233,440</u> | <u>(2,325,369)</u> | <u>(335,434)</u> | <u>(1,432,598)</u> |
| Restricted fixed asset funds | | | | | |
| Inherited on conversion | 2,629,468 | - | (56,174) | - | 2,573,294 |
| DfE group capital grants | 348,358 | 24,650 | (19,943) | - | 353,065 |
| Capital expenditure from GAG | 241,008 | - | (30,952) | 50,434 | 260,490 |
| | <u>3,218,834</u> | <u>24,650</u> | <u>(107,069)</u> | <u>50,434</u> | <u>3,186,849</u> |
| Total restricted funds | <u>2,213,599</u> | <u>2,258,090</u> | <u>(2,432,438)</u> | <u>(285,000)</u> | <u>1,754,251</u> |
| Unrestricted funds | | | | | |
| General funds | <u>197,192</u> | <u>15,394</u> | <u>-</u> | <u>-</u> | <u>212,586</u> |
| Total funds | <u>2,410,791</u> | <u>2,273,484</u> | <u>(2,432,438)</u> | <u>(285,000)</u> | <u>1,966,837</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 2021.

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

17 Funds

(Continued)

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

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2020 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 280,543 | 1,674,730 | (1,562,183) | (1,325) | 391,765 |
| UIFSM | - | 50,245 | (50,245) | - | - |
| Pupil premium | - | 159,766 | (159,766) | - | - |
| Other DfE/ESFA grants | - | 99,114 | (99,114) | - | - |
| Other government grants | - | 166,805 | (166,805) | - | - |
| Other restricted funds | - | 17,005 | (17,005) | - | - |
| Pension reserve | (989,000) | - | (102,000) | (306,000) | (1,397,000) |
| | <u>(708,457)</u> | <u>2,167,665</u> | <u>(2,157,118)</u> | <u>(307,325)</u> | <u>(1,005,235)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 2,685,642 | - | (56,174) | - | 2,629,468 |
| DfE group capital grants | 354,434 | 8,937 | (15,013) | - | 348,358 |
| Capital expenditure from GAG | 273,226 | - | (33,543) | 1,325 | 241,008 |
| | <u>3,313,302</u> | <u>8,937</u> | <u>(104,730)</u> | <u>1,325</u> | <u>3,218,834</u> |
| Total restricted funds | <u>2,604,845</u> | <u>2,176,602</u> | <u>(2,261,848)</u> | <u>(306,000)</u> | <u>2,213,599</u> |
| Unrestricted funds | | | | | |
| General funds | <u>183,007</u> | <u>14,185</u> | <u>-</u> | <u>-</u> | <u>197,192</u> |
| Total funds | <u>2,787,852</u> | <u>2,190,787</u> | <u>(2,261,848)</u> | <u>(306,000)</u> | <u>2,410,791</u> |

18 Analysis of net assets between funds

| | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total Funds £ |
|--|----------------------------|-----------------------------------|------------------|---------------------|
| Fund balances at 31 August 2021 are represented by: | | | | |
| Tangible fixed assets | - | - | 3,186,849 | 3,186,849 |
| Current assets | 212,586 | 616,307 | - | 828,893 |
| Creditors falling due within one year | - | (162,331) | - | (162,331) |
| Creditors falling due after one year | - | (16,574) | - | (16,574) |
| Defined benefit pension liability | - | (1,870,000) | - | (1,870,000) |
| Total net assets | <u>212,586</u> | <u>(1,432,598)</u> | <u>3,186,849</u> | <u>1,966,837</u> |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Analysis of net assets between funds

(Continued)

| | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total Funds £ |
|--|----------------------------|-----------------------------------|------------------|---------------------|
| Fund balances at 31 August 2020 are represented by: | | | | |
| Tangible fixed assets | - | - | 3,218,834 | 3,218,834 |
| Current assets | 197,192 | 521,574 | 5,254 | 724,020 |
| Creditors falling due within one year | - | (104,948) | (5,254) | (110,202) |
| Creditors falling due after one year | - | (24,861) | - | (24,861) |
| Defined benefit pension liability | - | (1,397,000) | - | (1,397,000) |
| Total net assets | 197,192 | (1,005,235) | 3,218,834 | 2,410,791 |

19 Pensions and similar obligations

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

The 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 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £19,871 (2020: £0) 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' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. 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 2021

19 Pensions and similar obligations

(Continued)

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £163,232 (2020: £161,938).

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

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

Local Government Pension Scheme

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

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

The academy trust has entered into an agreement to make contributions in addition to normal funding levels due to the pension scheme being in deficit. It is anticipated that the additional contributions will be paid over the next 20 years. The additional contributions have been paid for the year to March 2021 of £15,790.

| Total contributions made | 2021 £ | 2020 £ |
|--------------------------|-----------|-----------|
| Employer's contributions | 132,000 | 140,000 |
| Employees' contributions | 34,000 | 32,000 |
| Total contributions | 166,000 | 172,000 |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Pensions and similar obligations

(Continued)

| Principal actuarial assumptions | 2021 % | 2020 % |
|--|-----------|-----------|
| Rate of increases in salaries | 3.85 | 3.2 |
| Rate of increase for pensions in payment | 2.85 | 2.2 |
| Discount rate | 1.7 | 1.65 |
| Inflation assumption (CPI) | 2.85 | 2.2 |

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

| | 2021 Years | 2020 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 21.6 | 21.9 |
| - Females | 24 | 24.1 |
| Retiring in 20 years | | |
| - Males | 23.4 | 23.8 |
| - Females | 25.8 | 26 |

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

| | 2021 Fair value £ | 2020 Fair value £ |
|------------------------------|-------------------------|-------------------------|
| Equities | 851,000 | 582,000 |
| Bonds | 115,000 | 112,000 |
| Other bonds | 85,000 | 40,000 |
| Cash/liquidity | 51,000 | 69,000 |
| Property | 98,000 | 78,000 |
| Other assets | 195,000 | 154,000 |
| Total market value of assets | 1,395,000 | 1,035,000 |

| | | |
|--|---------|--------|
| Actual return on scheme assets - gain/(loss) | 197,000 | 48,000 |
|--|---------|--------|

Amounts recognised in the statement of financial activities

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Current service cost | 298,000 | 223,000 |
| Interest income | (18,000) | (18,000) |
| Interest cost | 40,000 | 36,000 |
| Benefit changes, curtailments and settlements gains or losses | - | 1,000 |
| Total operating charge | 320,000 | 242,000 |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

| | | |
|---|--------------------|------------------|
| 19 Pensions and similar obligations | (Continued) | |
| Changes in the present value of defined benefit obligations | 2021 | 2020 |
| | £ | £ |
| Obligations at 1 September 2020 | 2,432,000 | 1,937,000 |
| Current service cost | 298,000 | 223,000 |
| Interest cost | 40,000 | 36,000 |
| Employee contributions | 34,000 | 32,000 |
| Actuarial loss | 464,000 | 336,000 |
| Benefits paid | (3,000) | (132,000) |
| At 31 August 2021 | <u>3,265,000</u> | <u>2,432,000</u> |
| Changes in the fair value of the academy trust's share of scheme assets | 2021 | 2020 |
| | £ | £ |
| Assets at 1 September 2020 | 1,035,000 | 948,000 |
| Interest income | 18,000 | 18,000 |
| Actuarial gain | 179,000 | 30,000 |
| Employer contributions | 132,000 | 140,000 |
| Employee contributions | 34,000 | 32,000 |
| Benefits paid | (3,000) | (132,000) |
| Effect of non-routine settlements | - | (1,000) |
| At 31 August 2021 | <u>1,395,000</u> | <u>1,035,000</u> |
| 20 Reconciliation of net expenditure to net cash flow from operating activities | 2021 | 2020 |
| | £ | £ |
| Net expenditure for the reporting period (as per the statement of financial activities) | (158,954) | (71,061) |
| Adjusted for: | | |
| Capital grants from DfE and other capital income | (24,650) | (8,937) |
| Investment income receivable | (78) | (290) |
| Defined benefit pension costs less contributions payable | 166,000 | 84,000 |
| Defined benefit pension scheme finance cost | 22,000 | 18,000 |
| Depreciation of tangible fixed assets | 107,069 | 104,730 |
| (Increase)/decrease in debtors | (9,081) | 3,014 |
| Increase/(decrease) in creditors | 43,842 | (66,689) |
| Net cash provided by operating activities | <u>146,148</u> | <u>62,767</u> |

MESTY CROFT ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

21 Analysis of changes in net funds

| | 1 September 2020 £ | Cash flows £ | 31 August 2021 £ |
|------|--------------------------|-----------------|------------------------|
| Cash | 676,825 | 95,792 | 772,617 |

22 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2021 £ | 2020 £ |
|-----------------------------------|--------------|-----------|
| Amounts due within one year | 899 | - |
| Amounts due in two and five years | 2,043 | - |
| | <u>2,942</u> | <u>-</u> |

23 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. Following communications with the ESFA, it has been concluded that the correct procedures were not followed in respect of related party transactions for transactions with SIPS Education. The following related party transactions took place in the financial period.

L Bray is the chair of the board of trustees at Sandwell Inspired Partnership Solutions Education (SIPS Education) whilst being a trustee of Mesty croft for 20/21. The Academy made purchases amounting to £48,801 (2020 £49,446) in respect of financial, IT and HR support and all transactions were conducted at cost. At the year-end, a balance of £64 (2020: £2,344) was due to SIPS Education.

24 Post balance sheet events

Mesty Croft Academy's assets and operations were transferred over to the Perry Hall Multi-Academy Trust on 1st October 2021. The transfer involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration.

25 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he 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.