

Company Registration Number: 10390487 (England & Wales)

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2018

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

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THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2018

Members

Bishop Graham, the Bishop of Dudley
Sir Roger Fry
Sean Witheford (resigned 5 November 2018)
Worcester Diocesan Academy Trust (Corporate member)
Ann Mundy (resigned 25 April 2018)
Hugh Richards (appointed 5 November 2018)

Trustees

Margaret James
Philip Mitchell
Claire Davies, Chief Executive (appointed 2 June 2018)
Hugh Richards, Chair
Sean Witheford (resigned 5 November 2018)
Ann Mundy (resigned 25 April 2018)
Alan Soper (appointed 15 October 2018)
Ruth Walker (appointed 15 October 2018)

Company registered number

10390487

Company name

The Diocese of Worcester Multi Academy Trust

Principal and registered office

The Old Palace
Deansway
Worcester
Worcestershire
WR1 2JE

Company secretary

Claire Roberts
Karen Surrall (resigned 15 June 2018)

Chief executive officer

Karen Surrall (resigned 16 October 2017)
Claire Davies (appointed 16 October 2017)

Senior management team

Claire Davies, Chief Executive Officer (appointed 16 October 2017)
David Jenkins, Head of Operations (Consultant)
Richard Wetherall, Finance Head (Consultant, AMF UK Limited) (resigned 18 January 2018)
Russell Dalton, Chief Operating Officer (appointed 1 April 2018)
John McMillan, School Improvement Lead (Consultant)
Claire Roberts, Interim Finance Officer (19 January 2018 to 31 March 2018)

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REFERENCE AND ADMINISTRATIVE DETAILS
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Advisers (continued)

Independent auditors

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Lloyds Bank
4 The Cross
Worcester
WR1 3PY

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2017 to 31 August 2018. The Trustees confirm that the annual report and financial statements of the Trust comply with the current statutory requirements. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates twelve academies for pupils aged up to 12 serving schools within the West Midlands catchment area.

The Multi Academy Trust caters for approximately 2,500 pupils at full capacity.

The twelve Academies are:

| Academy | NOR | Date joined the Trust |
|--|-----|-----------------------|
| Malvern Parish CofE Primary School | 210 | 1 January 2017 |
| Littleton's CofE First School | 125 | 1 February 2017 |
| Offenham CofE First School | 106 | 1 February 2017 |
| St Barnabas CofE First & Middle School | 332 | 1 March 2017 |
| Crowle CofE First School | 69 | 1 March 2017 |
| St Nicholas CofE Middle School | 287 | 1 April 2017 |
| Pinvin CofE First School | 122 | 1 April 2017 |
| Madresfield CofE Primary School | 102 | 1 May 2017 |
| Netherton CE Primary School | 392 | 1 Nov 2017 |
| St. Oswald's CE Primary School | 206 | 1 February 2018 |
| Castlemorton CE Primary School | 105 | 1 July 2018 |
| Powick CE Primary School | 196 | 1 July 2018 |

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy Trust is a charitable 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 Trustees of Diocese of Worcester Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company operates as known as Diocese of Worcester Multi Academy Trust. Its articles were adopted on 12th September 2016.

Details of the Trustees who served during the 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.

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

TRUSTEES' INDEMNITIES

The Trust has opted into the Department for Education's Risk Protection Arrangement. This is an alternative to insurance where the UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The members appoint a minimum of 5 Directors / Trustees. The Trustees appointed under Article 50 of the Articles of Association can, with the consent of Worcester Diocesan Academies Trust appoint up to 2 co-opted Trustees for such term (not exceeding 4 years) and otherwise upon such conditions as they see fit.

Trustees are recruited onto the Board based on their specialist skills and empathy for the ethos of the Trust and its objectives. Trustees and officers nominate new Trustees to the members for appointment. Appointments are formally approved by resolution. The articles stipulate no fewer than five trustees must be in place with a term of office of three years.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The Trustees recognise the need not only to recruit Trustees with appropriate skills and experience but also to ensure that new Trustees are fully inducted into their roles and responsibilities. The training and induction provided for new Trustees will depend on their existing experience, however, all new Trustees receive an induction pack providing information regarding the responsibilities of charitable trustees and the operation of the Trust, including constitutional documents, annual accounts and minutes of meetings. New Trustees are encouraged to visit Trust academies and participate in training offered centrally for Trustees.

ORGANISATIONAL STRUCTURE

Governance:

The governance of the Trust is defined in the Memorandum and Articles of Associations together with the funding agreement with the Department for Education.

The Board of Trustees is responsible for;

1. Ensuring that the vision, ethos and strategic direction of the Trust are clearly defined and implemented
2. The performance of the Trust academies
3. Ensuring the sound, proper and effective use of the school's financial resources

The Chief Executive Officer (CEO) is the Accounting Officer and responsible for the day to day management of the Trust.

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

Academy Governance:

Each academy has its own Local Governing Body (LGB). Responsibilities are delegated by the Trust to the LGB through a scheme of delegation. The key functions of the LGB include;

1. Ensuring the vision, ethos and strategic direction of the school are clearly defined and implemented
2. Ensuring the Headteacher performs his/ her responsibilities for the educational performance of the school
3. Ensuring sound, proper and effective use of the school's financial resources

The Headteachers'(Executive Headteacher / Head of School) responsibilities include;

1. The internal organisation, management and control of the academy
2. The educational performance of the school

The Board of Trustees normally meets once every half term. The Board establishes an overall framework for the governance of the Academies and determines membership, terms of reference and procedures of the Committees and other groups. It monitors the activities of the LGBs and Committees through the minutes of their meetings.

ARRANGEMENT FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Trust's key management personnel are appointed by the Trustees with the pay scale for each post agreed in advance in accordance with Diocesan pay scales or senior leadership scales, as appropriate.

Aspects of the operational management of the Trust were initially undertaken by Karen Surrall (Interim CEO until October 2017) and Richard Wetherall (Head of Finance until January 2018). These individuals were commissioned on a contractor basis by the Trust. Likewise, David Jenkins (Consultant Head of Operations) was commissioned on a contractor basis for the financial year September 2017-August 2018. The combined remunerations for these services was £132,368 (2017: £98,800).

Salaries for central staff are reviewed by the Trustees following an annual Performance Management Review and benchmarked against agreed pay scales.

The salaries of all Headteachers in Trust academies are reviewed annually in accordance with the School Teachers Pay and Conditions Guidance (2016) following an annual Performance Management Review which is undertaken by the Trust and representatives of the LGB.

The salaries of all other senior leaders in Trust academies are reviewed annually in accordance with the School Teachers Pay and Conditions Guidance (2016) following an annual Performance Management Review which is undertaken by the Headteacher of the school.

Details of Trustee's expenses and related party transactions are disclosed in the notes to the accounts.

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

TRADE UNION FACILITY TIME

Trade Union Facilities time is currently charged at £1.91 per pupil and therefore there would be a total cost of £3,957.52 for provision across the Trust.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The trust is connected to the WDAT and the Diocese of Worcester Board of Education (DBE). Neither WDAT nor the DBE receive any financial gain from the Trust.

In 2016, the Diocesan Board of Finance agreed a grant of £250,000 over a 3 year period to support the work of the Trust.

The Trust office is co-located with the DBE.

The following Trustees of the Board of the Diocese of Worcester Multi Academy Trust are also members of the DBE:

Mrs Margaret James DBE

OBJECTIVES AND ACTIVITIES

VISION AND VALUES OF THE TRUST

DoWMAT Vision

The Diocese of Worcester Multi Academy Trust (DoWMAT) will, through its mission statement 'to love, to learn, to serve', enable all its academies to flourish so that all stakeholders can 'live life in all its fullness'. (John 10:10)

DoWMAT Aims

To Love:

- For pupils to grow and learn in schools where, as children of God, their individual qualities are nurtured to give them fulfilment, self-worth, the skills to contribute to society and confidence in the future
- For staff, accorded dignity and respect, to be enabled to become the very best practitioners that they can be, inspiring and sharing a joy for learning and aspiration
- For academies to be hospitable to diversity, to become the centre of their communities as places of nurture and beacons of educational excellence
- For all learning to be centred in relationships based upon compassion, generosity, truth-telling, forgiveness and reconciliation

To Learn:

- For academies to be resourced and supported so that all pupils within the DoWMAT are enabled to flourish and achieve of their best whatever their starting points
- To ensure staff and Trustees access high quality professional development so that standards of teaching and learning are excellent
- For academic rigour to be set in the context of rich curricular and extra-curricular opportunities for learning
- For academies to be places where explicit Christian values, collective worship, religious education and opportunities for reflection nurture the spiritual and moral growth of pupils and staff

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

To Serve:

- To fulfil the wider vision of the Church of England, serving our communities through the work of local academies
- To ensure academies are places of safety for pupils and staff where needs are met with dignity and respect
- To offer help and advice to those who lead our academies at all levels so that they are well equipped to face the challenges ahead
- To ensure that Members, Trustees, Local Governing Bodies and Trust staff understand the pressures, challenges and opportunities of education in the 21st century ensuring that those leading and teaching in our academies are resourced and supported

OBJECTS AND AIMS

- DoWMAT will work with academies so that they are able to realise the benefits of a collaborative approach to sustaining and developing excellent educational provision.
- The vision is to build a community of learning where staff and pupils can realise their potential and enjoy life in all its fullness. We will support leaders at all levels so that they have the capability and drive to effectively manage change, in an ever shifting educational landscape.
- We will adopt a collegiate approach to developing communities of excellence, working in partnership with schools and our educational partners to design flexible models of working which fully utilise the expertise which exists within local schools.
- We will build on the current effective practice within the Diocese of Worcester, where the majority of all church schools are good or outstanding, so that clusters of schools can grow together.
- We will provide half termly school improvement to ensure that standards within the DoWMAT are of the highest calibre and that expectations in all our school are clearly articulated and understood by all stakeholders.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The principal work of the trust this year has been to;

1. Review the initial procedures for the operation of the trust and ensure these are fit for purpose and successful
2. Establish a permanent central staffing team to replace the temporary consultants employed to set up the trust
3. Strengthen processes and procedures for supporting each DoWMAT academy, both financially and in terms of school improvement
4. To establish a detailed and substantial school improvement package to enable each DoWMAT academy to improve provision and outcomes
5. To strengthen the governance of the trust
6. To develop a strategy for the future growth of the trust
7. To begin to establish a collaborative relationship between all DoWMAT academies so good practice can be shared and built on effectively

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TRUSTEES' REPORT (continued)
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PUBLIC BENEFIT

The Trustees confirm they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charities Commission's general guidance on public benefit in exercising their powers or duties. They have referred to the guidance when reviewing the Trust's aims and objectives and planning its future activities.

The vision of the Trust is to deliver excellence in education and the very best outcomes for children and young people so that they can achieve their fullest potential - in line with its aims and the Church of England vision for education.

In order to fulfill its public benefit, the Trust has set up systems to support each academy in terms of school improvement. Each school has an advisor who carries out one monitoring visit per term, providing written feedback to both the schools and the Trust Board with regard to school strengths and areas for development. The Board monitors school performance through regular data trawls and reviews with each Headteacher. Strategies to intervene in the case of underperformance are in place.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Trust was set up on 12th September 2016. The earliest academies joined the Trust on the 1st February 2017. The trust has grown over the last academic year, to include the following four new academies;

Netherton CE Primary School
St. Oswalds CE Primary School
Castlemorton CE Primary School
Powick CE Primary School

There are currently there are twelve academies within the Trust.

Summary for each academy within the trust:

- Castlemorton CE Primary School – last Ofsted inspection January 2017 Requires Improvement. This academy joined the trust in July 2018. Preliminary assessment data for 2018 shows improved progress and attainment in KS1 and 2. The academy is in a strengthening position.
- Crowle CE First School – last Ofsted inspection October 2014 Good. Preliminary assessment data for 2018 shows at least expected progress for KS1, above national attainment for Reading / Writing and attainment in line with national for maths. The current headteacher started in January 2018, following the retirement of the previous headteacher at the end of Autumn 2017. Leadership and management, to include Governance, are strong and the academy has demonstrated improving levels of teaching, learning and challenge over the last term.
- Madrefield CE Primary School – last Ofsted inspection January 2013 Good. Preliminary assessment data for 2018 shows improved attainment in both KS1 and 2 although outcomes in KS2 do not reach national expectations.
- Malvern Parish CE Primary School – last Ofsted inspection November 2012 Good. Preliminary assessment data for 2018 shows attainment that is above national for Reading, Writing and maths at the end of KS1 and KS2. The percentage of children achieving a good level of development at the end of the EYFS is also above national levels. Leadership and management in this academy is a strength.

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- Netherton CE Primary School – last Ofsted inspection February 2014 Good. Preliminary assessment data for 2018 shows improved attainment in both KS1 and 2 although outcomes do not reach national expectations. This academy operates in a challenging catchment area and remains a priority for the Trust. Regular reviews from the Trust improvement partners is supporting the academy to raise standards with a strong focus on strengthening leadership and improving data tracking, teaching and learning across the academy. A key priority for 2018 is to improve progress through KS2.
- Offenham CE First School – last Ofsted inspection November 2012 Good. Preliminary assessment data for 2018 shows attainment that is above national for Reading, Writing and maths at the end of KS1. The percentage of children achieving a good level of development at the end of the EYFS is also above national levels. Leadership and management in this academy is a strength.
- Pinvin CE First School – last Ofsted inspection January 2017 Good. Preliminary assessment data for 2018 shows improved attainment for both the EYFS and KS1. This academy is federated with St. Nicholas CE Middle School. The Executive Headteacher of the Federation left at the end of the Autumn term 2017 and an Acting Headteacher put in place for the Spring and Summer terms whilst the Federation recruited a strong replacement. The new Executive Headteacher will start 1st September 2018.
- Powick CE Primary School – last Ofsted inspection July 2012 Outstanding. This academy joined the Trust in July 2018. Preliminary assessment data for 2018 shows a dip in attainment in both KS1 and KS2. However, predictions for next year show this is expected to rise again next year. The academy will have a new senior leadership team from September 2018 and a high priority will be placed on improving standards in teaching and learning so all children make improved progress.
- St. Barnabas CE First and Middle School – last Ofsted inspection January 2017 Requires Improvement. Preliminary assessment data for 2018 shows improved attainment in KS2 following a substantial amount of input from the trust, to include regular reviews of teaching and learning. Improving progress and attainment in this academy remains a priority for the trust.
- St. Nicholas Middle School– last Ofsted inspection June 2016 Good. Preliminary assessment data for 2018 shows improved attainment in KS2 although progress remains a concern. The Executive Headteacher of the Federation left at the end of the Autumn term 2017 and an acting Headteacher put in place for the Spring and Summer terms whilst the Federation recruited a strong replacement. The new Executive Headteacher will start 1st September 2018.
- St. Oswalds CE Primary School– last Ofsted inspection June 2014 Good. Preliminary assessment data for 2018 shows improved attainment in both KS1 and 2 although outcomes do not reach current national expectations. This academy operates in a challenging catchment area and remains a priority for the Trust. Regular reviews from the Trust improvement partners is supporting the academy to raise standards with a strong focus on strengthening leadership, teaching and learning across the academy.
- The Littletons CE First School – last Ofsted inspection September 2010 Good. Preliminary assessment data for 2018 shows a slight rise in attainment for KS1 with progress that was at least expected.

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

KEY PERFORMANCE INDICATORS

| KPI | Key Documents | RAG | Notes |
|--|--|-----|---|
| 1.1 Effective finance systems / policies in place so that funding is used properly, efficiently and effectively | Financial Policy Budget Monitoring Reports / Budget Setting Report Pay (and Appraisal) policy Anti Fraud and Corruption Policy and Procedure Competitive Tendering Policy Investment Policy 3-5 year Budget Plan | | Trust follows Financial Regulations. Finance Policy in place Initial set of trust wide financial policies in place. These now need to be shared with all Trust academies. Policies reflect current practice. Budget Plan in place for 2017-2018. Takes school priorities evidenced by data into account. Actions are specific, accurately costed, planned within reasonable timescales and deliver impact for pupils. |
| 1.2 3-year Trust Development Strategy in place | Trust Strategic Development Plan Trust Growth Plan | | Plans to be completed after full self-evaluation of Trust. Strategy to take Trust priorities, evidenced by data, into account. Actions are specific, accurately costed, planned within reasonable timescales and deliver impact for pupils. |
| 1.3 Effective financial monitoring systems in place | Financial Reports Feedback from Finance and Governance Audits RO reports Annual Accounts | | Auditors and Responsible Officer appointed Awaiting 1st RO report |
| 1.4 Risk Management Policies and Procedures in place | Risk and Opportunities Policy Risk Register | | Robust and proactive risk identification, mitigation and management for the Trust and each of its academies |
| 1.5 Trust is fully compliant with all statutory obligations | DoWMAT Memorandum Articles of Association Audit returns | | Trust is compliant with the Trust's Memorandum and Articles of Association together with all statutory, regulatory and legal requirements including Funding Agreements as set out in the Academies Financial Handbook and Statement of Recommended Practices (SORP) of the Charities Commission |
| 1.6 Trust finances remain robust and in surplus | Trust cash flow and budget documentation | | Trust finances become increasingly robust and an in year surplus is achieved. |
| 1.7 Robust financial systems maintained in all Trust academies | Academy cash flow and budget documentation | | Trust academy finances are in surplus Robust finance systems set up in each DoWMAT academy |
| 2.1 Strong Trust vision in place and shared with all academies | Trust Values and Vision Trust Strapline Equality Policy | | Provides strong expectations for whole Trust and its academies on meeting the Church of England vision for Education. |
| 2.2 Strong Central Team with capacity to support all Trust academies | Central Team Staffing Structure | | CEO and ASO newly appointed and in post COO start date 1.4.18 |
| 2.3 Strong, robust Trust Governance structure in place | Governance Structure | | Members and Directors understand their role within the Trust, with skills / understanding revised annually. Trust future plans and strategies for growth considered and achievable. Board have a varied, relevant skill set to support / challenge Trust staff and hold the CEO to account. |
| 2.4 Strong collaborative relationships between all Trust academies to support academy / staff development | Trust Strategic Development Plan Minutes from Headteacher Meetings | | Schools working collaboratively to share best practice. |

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

KEY PERFORMANCE INDICATORS (continued)

| | | | | |
|-----|--|--|--|--|
| 2.5 | Training opportunities available for trust and academy staff to further improve / deliver best practice | | | Training opportunities currently provided through the Diocese Education Team or external providers. |
| 2.6 | Bought in services and consultants provide high quality services for all academies | | | Bought in services include HR, Finance, Buildings, Health and Safety etc All school entitled to a termly visit from their individual Academy Learning Partner to provide challenge, feedback and advice. |
| 2.7 | Each Trust academy has a skilled, competent Senior Leadership Team in place capable of delivering high outcomes for children | Robust recruitment processes Academy Development Plans Emphasis on high quality provision for all children, including vulnerable groups Headteacher / SLT Appraisal Reports | | Academy Senior Leadership teams hold a clear strategic vision for their academy based on Christian values which aligns with practice. They establish a culture of high expectations for all. They have a shared knowledge of what good and outstanding practice looks like and how to motivate others to achieve it. They use rigorous and regular monitoring and evaluation procedures, using a range of methods leading to improvements in the quality of teaching and pupil's progress. They ensure data is used accurately and effectively to understand the performance of all groups of pupils and to inform plans for improvement and are professionally skeptical in checking plans are working. |
| 2.8 | Staffing issues in schools being addressed promptly and effectively | HR support in place Policies for Capability, Allegations against Staff, Staff Grievance, Redundancy, Whistleblowing | | Academy Senior Leadership teams are effective in securing excellence in teaching and learning in their academy. Academy Senior Leadership teams are proactive in eliminating inadequate teaching. |
| 3.1 | All Trust academies considered "good" or "outstanding" using DOWMAT's own system of assessment; corroborated by OFSTED and SIAMS inspections | Ofsted / SIAMS Reports ALP Reports Academy Self Evaluations | | The Trust is acting to develop effective school development support for all academies plus tailored support based on the need / category of school; Self-Sustaining – Strongly Good / Outstanding academies Semi-Supported – Good academies requiring some support in some aspects Priority – Schools requiring improvement in several aspects |
| 3.2 | IDSR reports evidence high levels of progress and attainment for all Trust academies | | | |
| 3.3 | The vast majority of children in each academy make good or better progress – including vulnerable groups | Academy internal tracking Pupil Premium Reports | | |
| 4.1 | Effective IT systems in place for communication and Trust wide data analysis | SIMS Capita Freedom of Information Policy | | A standardised assessment package is used across the Trust and understood by all staff. |
| 4.2 | Effective filtering process in place to review potential new converters to the DOWMAT | | | All schools have effective due diligence in school improvement, HR, Finance, legal and buildings and premises. Board informed if any of these give cause for concern. Due diligence for HR is undertaken prior to conversion. It is essential that no school enters DOWMAT with a need to make staff redundant in order to balance the books. |
| 4.3 | Effective academy conversion processes in place | Conversion documents | | Effective and efficient conversion programme in place. Experienced project manager in post. |

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TRUSTEES' REPORT (continued)
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GOING CONCERN

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

FINANCIAL REVIEW

The Trust has a number of financial policies in place to ensure that it maintains and develops systems of financial control which conform to the requirements of propriety, regularity and of sound financial management.

These policies include, but is not exhaustive to; Accounting, Risk Management, Gifts and Hospitality, business continuity (awaiting approval from the Board), Charges and Remissions and Anti-Fraud. In addition, the Trust has an in-depth Financial Scheme of Delegation and Financial Procedures Document which all financial staff read and then sign to demonstrate acceptance.

DoWMAT receives 99% of its funding through the Department for Education via the Education and Skills Funding Agency (ESFA) in the form of the General Annual Grant (GAG).

The main sources of income for the Academy Trust are grants from the Department of Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement official activities.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), any capital grants and donations of fixed assets are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Trust's accounting policies.

During the period ended 31 August 2018, total expenditure of £10,277,996 was mostly covered by recurrent grant funding from the DfE together with other incoming resources. These figures exclude the deficit on the Local Government Pension Scheme (see note 23 to the accounts).

At 31 August 2018 the net book value of fixed assets was £23,642,251 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

RESERVES POLICY

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The overall aim is to improve the financial sustainability of the Trust so that approximately 8 weeks of expenditure is held in reserves.

The Academy is holding reserves at 31 August 2018 of £19,372,676.

This comprises:

Restricted Funds deficit of £5,445,096
Unrestricted Funds of £898,136
Restricted Fixed Asset Funds of £23,919,636

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

Restricted Funds comprises:

£13,904 general funds to support the academy's budget in 2018-2019
£5,459,000 the deficit on the defined benefit pension scheme

The free reserves of the Academy Trust are £912,040 at 31 August 2018.

The Trustees have reviewed the reserves and are looking at strategies to bring the free reserves in line with the above policy.

INVESTMENTS POLICY

A return on working capital shall be optimised whilst allowing easy access of the funds. In balancing risk against return the policy is geared towards avoiding risk rather than to maximise return. The Trust's current investment policy is to maximise income but from a low risk strategy. All monies are currently held on bank deposit and are attracting interest.

The Trustees are aware that they have a responsibility to ensure that investment risk is properly managed. As such, they must:

- Know and act within their Trustee's powers to invest as set out in the Trust Articles of Association
- Exercise care and skill when making investment decisions, taking advice where appropriate
- Select investments that are right for the Trust
- Review investments periodically
- Follow the guidance contained in this policy
- Review the Trust Investment Policy regularly

The Trustees have full responsibility for any investments made on behalf of the Trust, including those made by any individual Academy within the Trust. Any individual academy looking to make an investment must first seek approval from the Trust Board.

The CEO is responsible for producing reliable cash flow forecasts as a basis for decision making and for providing sufficient management information to the Trustees so they can review and monitor investment performance.

The Trust Board must be clear about what they aim to achieve through financial investment. They must consider exactly what they want to do, how they intend to do it and what the timescale will be. They must also consider the Trust's long and short term financial commitments as well as its expected income.

A certain degree of risk is associated with all investments so Trustees must do all they can to manage risk levels. Before any investment decisions are made, Trustees must consider the level of risk they are able to accept. They must be satisfied that the overall level of risk they are taking is appropriate for the Trust.

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TRUSTEES' REPORT (continued)
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PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018. This process is regularly reviewed by the Board of Trustees.

Trustees review the Risk Register on a regular basis and look to see how are being alleviated. Principal risks include the following;

Financial: The Trust relies heavily upon continued government funding through the ESFA. The vast majority of incoming funds are government funded and whilst this is expected to continue, there is no guarantee that this public funding will continue at current levels. In addition, in the Pershore area, there is a current debate on a possible change from a three tier school system to a two tier one. This will have a substantial impact on the funding levels of the two middle schools and three first schools within the Trust in that area.

Failure of governance (Trust level): The Trust commits to ensuring a high focus on strong governance; building up the skillset of the Board. The Board carries out a skills audit each year and will be organising a full Governance review over the next academic year.

Failure of the leadership and management of the Trust (Compliance): This could arise from the potential failure to effectively manage Trust finances or comply with relevant regulations and legislation. To mitigate this, Trustees have employed a skilled finance team and ensures robust measures are in place to review current systems and procedures.

Reputational: The continuing success of the Trust depends on maintaining high educational standards and outcomes within Trust academies. This is particularly important in ensuring the Trust continues to attract additional schools and grows in number.

Staffing: The success of each individual academy depends on the quality of the staff and the leadership and management within each academy. The Trust has developed high quality training opportunities to support the continued professional development of each member of staff and regular reviews and visits from school improvement partners ensures each Headteacher is fully supported to develop strong systems for the leadership and management of their academy.

Safeguarding: This is a priority for the Trust. From September 2018, the Trust will employ an experienced Safeguarding Lead on a part time basis to ensure outstanding practice and procedures for safeguarding and child protection are in place in each DoWMAT academy.

Fraud / mismanagement of funds: The Trust central finance team are responsible for checking policies and procedures in each academy are followed effectively. To strengthen this aspect, the Trust is intending to introduce a robust spot checking procedure and will be engaging an internal auditor from the start of September 2018.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

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

FUNDRAISING

The Charitable Company had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

PLANS FOR FUTURE PERIODS

Our ambition is to ensure that every academy within the Trust provides excellent learning outcomes for all pupils. In order to achieve this, the Trust intends to extend and embed collaborative learning and professional development opportunities for all teachers and professionals throughout the Trust in order to ensure all staff are both confident and competent to deliver excellent provision for teaching, learning and the personal well-being for all pupils.

The Trust will continue to address key areas of focus, including provision for Pupil Premium children and vulnerable groups, and maximising attainment for higher attaining pupils.

The Trust will encourage each academy to continue working with partner schools to improve the educational opportunities for pupils within their wider communities.

The Trustees are looking to increase the number of academies within the Trust and alongside this, to maximise opportunities for central procurement, reviewing and benchmarking contracts and services to ensure value for money. The Trust is exploring the introduction of grouping academies in geographical clusters.

The Trustees intend to continue to develop internal capacity to keep pace with the growing demands of the academies and has recently appointed a Finance Manager to secure further improvements in financial management.

In terms of plans for future growth, the Trustees are currently looking to implement a protocol for enabling schools who wish to join the Trust to submit an expression of interest. This is to ensure growth continues to be managed strategically and wisely.

There will be one window annually during which schools may submit an expression of interest; the window will open during the summer term and will close on 30 September every year.

In October, annually, the Trustees will consider all expressions of interest and will make a decision, based on need, about which schools it will be able to convert by September of the following year – pending agreement by the Regional Schools Commissioner (RSC) Headteacher Board.

FUNDS HELD AS CUSTODIAN

DoWMAT holds no funds as custodian trustee on behalf of others.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

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

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy Trust's Equal opportunities policy, the Academy Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 20 December 2018 and signed on its behalf by:



Hugh Richards
Chair of Trustees

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees is delegating the day-to-day responsibility to the CEO, 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 DoWMAT and the Secretary of State for Education. The CEO is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------------|-------------------|-------------------|
| Margaret James | 8 | 8 |
| Philip Mitchell | 8 | 8 |
| Claire Davies | 2 | 2 |
| Hugh Richards, Chair | 7 | 8 |
| Sean Witheford | 7 | 8 |
| Ann Mundy | 4 | 7 |
| Alan Soper | 0 | 0 |
| Ruth Walker | 0 | 0 |

The Trustees have met regularly over the year. During this time, the following changes have occurred;

1. The Chair of the Trustees stepped down from the post and handed in her resignation as a Trustee
2. Sean Witheford was appointed the Chair of the Trustees in her place
3. The CEO, Claire Davies was appointed as a Trustee by the Trustees

A review of Governance, to include the skill set of each of the current Trustees took place in October 2017. This will be completed on an annual basis.

The board have received detailed data and information in respect of the trust and the individual schools on which to base decision making and the allocation of resources to fund priorities. The board has challenged the information when appropriate.

The Audit Committee is a sub-committee of the main Board of Trustees. The composition of the Audit Committee was reviewed. The Committee convened once after the CFO was appointed and reviewed their Terms of Reference and conducted a skills audit. All members have the skillset to conduct the responsibilities of the audit committee with diligence.

During the year, S Witheford, who is a Company Managing Director, joined the committee.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------------|-------------------|-------------------|
| Sean Witheford | 1 | 1 |
| Hugh Richards (Chair) | 1 | 1 |
| Claire Davies | 1 | 1 |

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the CEO 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 Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Ensuring a Trust wide tender was completed for photocopier. Taking advantage of the economies of scale on offer.
- Ensuring regular meetings of both Headteacher and Business Managers to discuss best practice and to benchmark practices and finances.
- Employing a skilled centralised team, reducing the need for external consultants.
- Planned to move to a centralised finance system to take further advantage of economies of scale.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 The Diocese of Worcester Multi Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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
- regular financial reports which are reviewed and agreed by the Board;
- regular reviews by the Board of reports which indicate financial performance against the forecasts and of major contracts, purchase plans and expenditure programmes;
- setting targets to measure financial and other performance;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and will be appointing an Internal auditor from September 2018. The Internal auditor's role will include giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In the instances where the Internal auditor makes recommendations for improvement, these will be discussed with the Board and, where appropriate, implemented.

In the meantime, the trustees have appointed Crowe U.K. LLP, the external auditors, to perform additional checks. These arrangements provide reasonable assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period. During the year extended assurance visits were conducted in the following areas:

- Integrity of payroll standing data
- Controls over the review of outsourced payroll services

The auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The auditors report to the Board of Trustees through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 Board of Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 20 December 2018 and signed on their behalf, by:



Hugh Richards
Chair of Trustees



Claire Davies
Accounting Officer

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Diocese of Worcester Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

I confirm that the following instance of material irregularity, impropriety or funding non-compliance discovered to date has been notified to the board of trustees and the board will be contacting the ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

I have noted one instance of unauthorised borrowing, due to Malvern Parish's bank account becoming overdrawn between 28 June 2018 and 2 July 2018. This was due to a weakening of cash flow controls at the Academy. I understand this is not permitted by the Multi Academy Trust's funding agreement without the ESFA's prior approval. The board of trustees have now passed control of all Trust transactions over to the Trust team to ensure that there are no further occurrences. I have not evidenced any further breaches after 2 July 2018.



Claire Davies
Accounting Officer

Date: 20 December 2018

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 20 December 2018 and signed on its behalf by:



Hugh Richards
Chair of Trustees

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DIOCESE OF WORCESTER MULTI ACADEMY TRUST**

OPINION

We have audited the financial statements of The Diocese of Worcester Multi Academy Trust (the 'Academy Trust') for the period ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy 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 financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DIOCESE OF WORCESTER MULTI ACADEMY TRUST**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the 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 our 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 Trustees' Report including the 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy 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 Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DIOCESE OF WORCESTER MULTI ACADEMY TRUST**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Dave Darlaston (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
21 December 2018

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
DIOCESE OF WORCESTER MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 28 October 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Diocese of Worcester Multi Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST'S AND
THE REPORTING ACCOUNTANT**

The is responsible, under the requirements of The Diocese of Worcester Multi Academy Trust's funding agreement with the Secretary of State for Education dated 30 January 2017, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Trust's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Trust and specific transactions identified from our review.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
DIOCESE OF WORCESTER MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING
AGENCY (continued)**

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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

We have noted, as reported in the Accounting Officer's Statement, one instance of unauthorised borrowing during the period, due to Malvern Parish's bank account becoming overdrawn which is not permitted by the Academy Trust's funding agreement without the ESFA's prior approval. The account was overdrawn between 28 June 2018 and 2 July 2018 and the total interest charged was £21.59. These breaches occurred due to a weakening of cash flow controls, which have now been strengthened. We have not evidenced any further breaches after 2 July 2018.



Crowe U.K. LLP

Reporting accountant

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

21 December 2018

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)

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

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 2 | 221,550 | (2,254,330) | 10,093,481 | 8,060,701 | 12,115,914 |
| Charitable activities | 3 | 368,730 | 8,748,541 | - | 9,117,271 | 3,459,514 |
| Other trading activities | 4 | 90,988 | - | - | 90,988 | 112,143 |
| Investments | 5 | 1,162 | - | - | 1,162 | 213 |
| Total income | | 682,430 | 6,494,211 | 10,093,481 | 17,270,122 | 15,687,784 |
| Expenditure on: | | | | | | |
| Charitable activities | | 448,841 | 9,434,868 | 394,287 | 10,277,996 | 3,557,234 |
| Total expenditure | 6 | 448,841 | 9,434,868 | 394,287 | 10,277,996 | 3,557,234 |
| Net income / (expenditure) before transfers | | 233,589 | (2,940,657) | 9,699,194 | 6,992,126 | 12,130,550 |
| Transfers between Funds | 17 | - | 218,588 | (218,588) | - | - |
| Net income / (expenditure) before other recognised gains and losses | | 233,589 | (2,722,069) | 9,480,606 | 6,992,126 | 12,130,550 |
| Actuarial gains/(losses) on defined benefit pension schemes | 23 | - | 391,000 | - | 391,000 | (141,000) |
| Net movement in funds | | 233,589 | (2,331,069) | 9,480,606 | 7,383,126 | 11,989,550 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 664,547 | (3,114,027) | 14,439,030 | 11,989,550 | - |
| Total funds carried forward | | 898,136 | (5,445,096) | 23,919,636 | 19,372,676 | 11,989,550 |

The notes on pages 32 to 61 form part of these financial statements.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10390487

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 23,642,251 | | 14,428,939 |
| Current assets | | | | | |
| Debtors | 14 | 584,148 | | 474,421 | |
| Cash at bank and in hand | | 1,934,205 | | 916,688 | |
| | | <u>2,518,353</u> | | <u>1,391,109</u> | |
| Creditors: amounts falling due within one year | 15 | (1,159,808) | | (535,498) | |
| Net current assets | | | 1,358,545 | | 855,611 |
| Total assets less current liabilities | | | 25,000,796 | | 15,284,550 |
| Creditors: amounts falling due after more than one year | 16 | | (169,120) | | - |
| Net assets excluding pension scheme liabilities | | | 24,831,676 | | 15,284,550 |
| Defined benefit pension scheme liability | 23 | | (5,459,000) | | (3,295,000) |
| Net assets including pension scheme liabilities | | | 19,372,676 | | 11,989,550 |
| Funds of the academy | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 17 | 13,904 | | 180,973 | |
| Restricted fixed asset funds | 17 | 23,919,636 | | 14,439,030 | |
| Restricted income funds excluding pension liability | | <u>23,933,540</u> | | <u>14,620,003</u> | |
| Pension reserve | | <u>(5,459,000)</u> | | <u>(3,295,000)</u> | |
| Total restricted income funds | | | 18,474,540 | | 11,325,003 |
| Unrestricted income funds | 17 | | 898,136 | | 664,547 |
| Total funds | | | 19,372,676 | | 11,989,550 |

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
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BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 28 to 61 were approved by the Trustees, and authorised for issue, on 20 December 2018 and are signed on their behalf, by:



Hugh Richards
Chair of Trustees

The notes on pages 32 to 61 form part of these financial statements.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2018

| | Note | 2018 £ | 2017 £ |
|--|------|-------------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 19 | <u>389,145</u> | <u>372,393</u> |
| Cash flows from investing activities: | | | |
| Bank interest | | 1,162 | 213 |
| Purchase of tangible fixed assets | | (307,599) | (212,266) |
| Capital grants from DfE Group | | 785,465 | 270,540 |
| Net cash provided by investing activities | | <u>479,028</u> | <u>58,487</u> |
| Cash flows from financing activities: | | | |
| Surplus received on LA funds | | 149,344 | 485,808 |
| Net cash provided by financing activities | | <u>149,344</u> | <u>485,808</u> |
| Change in cash and cash equivalents in the period | | 1,017,517 | 916,688 |
| Cash and cash equivalents brought forward | | <u>916,688</u> | <u>-</u> |
| Cash and cash equivalents carried forward | 20 | <u><u>1,934,205</u></u> | <u><u>916,688</u></u> |

The notes on pages 32 to 61 form part of these financial statements.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. Accounting Policies

A summary of the principal accounting policies is set out below.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 COMPANY STATUS

The Academy Trust is a company limited by guarantee. The Academy Trust is incorporated in England & Wales, registered number 10390487. The registered office is The Old Palace, Deansway, Worcester, Worcestershire, WR1 2JE.

1.3 GOING CONCERN

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

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.4 INCOME

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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'.

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

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

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

1. Accounting Policies (continued)

1.5 EXPENDITURE

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

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

Expenditure on generating funds includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £5,000 are capitalised 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

| | | |
|------------------------------|---|---------------------|
| Leasehold land and buildings | - | 2% (straight line) |
| Motor vehicles | - | 20% (straight line) |
| Computer equipment | - | 25% (straight line) |

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 incorporating income and expenditure account.

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

1. Accounting Policies (continued)

1.7 INTEREST RECEIVABLE

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

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

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 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.13 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 as detailed in note 14. 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 costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.14 PENSIONS

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

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

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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.

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

1. Accounting Policies (continued)

1.15 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust 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 as set out below.

The assets and liabilities transferred on conversion from Netherton CE Primary School, St.Oswald's Primary School, Castlemorton CE Primary School and Powick CE Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 21.

1.16 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 Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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

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

1. Accounting Policies (continued)

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

For valuation of the land and buildings in relation to converted academies, the Trust intended to use the desktop valuations provided by the Department for Education (DfE), however these are not available at the date of signing the audit report. Therefore, where an academy trust occupies premises on a long lease, in order to determine an appropriate fair value for the asset on acquisition an estimate is made using insurance values and other Local Authority school values on a £/sqm basis together with other factors such as condition of the building. The trust believes this method provides a reasonable and reliable estimate of the current value.

Critical areas of judgment:

There are no critical judgments which have a material impact on the financial statements.

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

2. Income from donations and capital grants

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Pension inherited on conversion | - | (2,255,000) | - | (2,255,000) | (3,016,000) |
| Capital grants | - | - | 785,465 | 785,465 | 222,357 |
| Capital funds on conversion | - | - | 8,016 | 8,016 | - |
| Donated fixed assets | - | - | 9,300,000 | 9,300,000 | 14,350,000 |
| Surplus on conversion | 72,946 | - | - | 72,946 | 485,808 |
| Donations | 148,604 | 670 | - | 149,274 | 73,749 |
| | <u>221,550</u> | <u>(2,254,330)</u> | <u>10,093,481</u> | <u>8,060,701</u> | <u>12,115,914</u> |
| <i>Total 2017</i> | <u>559,557</u> | <u>(3,016,000)</u> | <u>14,572,357</u> | <u>12,115,914</u> | |

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

3. Funding for Academy's educational operations

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | <i>Total funds 2017 £</i> |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|---------------------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant | - | 7,365,964 | 7,365,964 | 2,585,933 |
| Start Up Grant | - | (9,210) | (9,210) | 190,790 |
| Other DfE/ESFA Grant | - | 992,079 | 992,079 | 328,477 |
| | - | 8,348,833 | 8,348,833 | 3,105,200 |
| Other government grants | | | | |
| Local Authority Grants | - | 373,181 | 373,181 | 46,962 |
| | - | 373,181 | 373,181 | 46,962 |
| Other funding | | | | |
| Non Government Income | - | - | - | 205,000 |
| Catering Income | 41,268 | - | 41,268 | 5,054 |
| Parental Contributions | 60,920 | - | 60,920 | 27,684 |
| Income from clubs | 32,370 | - | 32,370 | 2,087 |
| Insurance claims | - | 26,527 | 26,527 | 30,507 |
| Educational visits income | 129,953 | - | 129,953 | 37,020 |
| Consultancy income | 69,353 | - | 69,353 | - |
| Other income | 34,866 | - | 34,866 | - |
| | 368,730 | 26,527 | 395,257 | 307,352 |
| | 368,730 | 8,748,541 | 9,117,271 | 3,459,514 |
| <i>Total 2017</i> | 157,352 | 3,302,162 | 3,459,514 | |

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

4. Other trading activities

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings income | 8,118 | - | 8,118 | 44,969 |
| Preschool income | 82,870 | - | 82,870 | 67,174 |
| | <u>90,988</u> | <u>-</u> | <u>90,988</u> | <u>112,143</u> |
| <i>Total 2017</i> | <u>112,143</u> | <u>-</u> | <u>112,143</u> | |

5. Investment income

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest | 1,162 | - | 1,162 | 213 |
| <i>Total 2017</i> | <u>213</u> | <u>-</u> | <u>213</u> | |

6. Expenditure

| | Staff costs 2018 £ | Premises 2018 £ | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|-------------------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Funding for educational operations: | | | | | |
| Direct costs | 6,329,289 | 394,287 | 673,905 | 7,397,481 | 2,436,432 |
| Support costs | 1,120,022 | 648,844 | 739,550 | 2,508,416 | 956,084 |
| Other incoming resources: | | | | | |
| Support costs | 87,525 | - | 284,574 | 372,099 | 164,718 |
| | <u>7,536,836</u> | <u>1,043,131</u> | <u>1,698,029</u> | <u>10,277,996</u> | <u>3,557,234</u> |
| <i>Total 2017</i> | <u>2,544,543</u> | <u>334,721</u> | <u>677,970</u> | <u>3,557,234</u> | |

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

7. Support costs

| | Funding for educational operations £ | Other incoming resources £ | Total 2018 £ | Total 2017 £ |
|-------------------------|---|-------------------------------------|--------------------|--------------------|
| Technology costs | 49,174 | - | 49,174 | 28,220 |
| Recruitment and support | 1,879 | - | 1,879 | - |
| Premises costs | 648,844 | - | 648,844 | 201,394 |
| Catering costs | - | 265,239 | 265,239 | 88,747 |
| Other support costs | 475,836 | 19,335 | 495,171 | 163,596 |
| Governance costs | 196,882 | - | 196,882 | 172,859 |
| Wages and salaries | 669,506 | 71,035 | 740,541 | 265,925 |
| National insurance | 36,043 | 5,041 | 41,084 | 10,495 |
| Pension cost | 430,252 | 11,449 | 441,701 | 189,566 |
| | <u>2,508,416</u> | <u>372,099</u> | <u>2,880,515</u> | <u>1,120,802</u> |
| <i>Total 2017</i> | <u>956,084</u> | <u>164,718</u> | <u>1,120,802</u> | |

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charitable company's activities. These costs will include any employee benefits for governorship, the cost of charity employees involved in meetings with Trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

8. Net income/(expenditure)

This is stated after charging:

| | 2018 £ | 2017 £ |
|---|---------------|---------------|
| Depreciation of tangible fixed assets: - owned | 394,287 | 133,327 |
| Auditors' remuneration - audit | 16,150 | 12,445 |
| Auditors' remuneration - other services | 4,445 | 3,250 |
| Operating lease rentals | <u>43,419</u> | <u>33,218</u> |

THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018**

9. Staff costs

a. Staff costs

Staff costs were as follows:

| | 2018 | 2017 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries | 5,661,576 | 1,909,818 |
| Social security costs | 468,091 | 155,859 |
| Operating costs of defined benefit pension schemes | 1,315,102 | 460,386 |
| | 7,444,769 | 2,526,063 |
| Agency staff costs | 92,067 | 18,480 |
| | 7,536,836 | 2,544,543 |

b. Staff numbers

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

| | 2018 | 2017 |
|----------------------------|-------------|-------------|
| | No. | No. |
| Teachers | 119 | 74 |
| Administration and support | 260 | 172 |
| Management | 30 | 19 |
| | 409 | 265 |

c. Higher paid staff

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

| | 2018 | 2017 |
|-------------------------------|-------------|-------------|
| | No. | No. |
| In the band £60,001 - £70,000 | 2 | 0 |
| In the band £70,001 - £80,000 | 1 | 0 |

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team. The total remuneration received by key management personnel for their services to the Academy Trust was £132,368 (2017: £98,800).

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

10. Central services

The Academy Trust has provided the following central services to its academies during the year:

- Management services
- Legal services
- Education support services
- Maintenance and admin support supports
- Finance and accounts support

The Academy Trust charges for these services on the following basis:

Flat percentage of GAG income (5%).

Any surplus generated is held as contingency reserve for use in future periods.

The actual amounts charged during the year were as follows:

| | 2018 | 2017 |
|--|----------------|----------------|
| | £ | £ |
| The Littletons Church of England Academy | 23,719 | 13,997 |
| Offenham Church of England Academy | 22,222 | 13,031 |
| Crowle CofE First School | 16,074 | 8,089 |
| St Barnabas CofE First and Middle School | 67,689 | 33,993 |
| Malvern Parish CofE Primary School | 37,580 | 15,912 |
| St Nicholas CofE Middle School | 60,229 | 25,502 |
| Pinvin CofE First School | 25,818 | 10,931 |
| Madresfield CofE Primary School | 22,761 | 7,720 |
| Netherton CofE Primary School | 60,502 | - |
| St. Oswald's Primary School | 22,278 | - |
| Castlemorton CofE Primary School | 3,250 | - |
| Powick CofE Primary School | 6,176 | - |
| | 368,298 | 129,175 |
| Total | 368,298 | 129,175 |

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

| | | 2018 | 2017 |
|--------------------------------|----------------------------|---------------|------|
| | | £ | £ |
| Claire Davies, Chief Executive | Remuneration | 15,000-20,000 | - |
| | Pension contributions paid | 0-5,000 | - |

During the period, no Trustees received any reimbursement of expenses.

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

12. Trustees' and Officers' Insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

13. Tangible fixed assets

| | Leasehold buildings £ | Motor vehicles £ | Computer equipment £ | Assets under construction £ | Total £ |
|-------------------------|-----------------------------|------------------------|----------------------------|-----------------------------------|-------------------|
| COST | | | | | |
| At 1 September 2017 | 14,562,233 | - | 33 | - | 14,562,266 |
| Additions | 238,705 | 12,995 | 6,037 | 49,862 | 307,599 |
| Inherited on conversion | 9,300,000 | - | - | - | 9,300,000 |
| At 31 August 2018 | <u>24,100,938</u> | <u>12,995</u> | <u>6,070</u> | <u>49,862</u> | <u>24,169,865</u> |
| DEPRECIATION | | | | | |
| At 1 September 2017 | 133,327 | - | - | - | 133,327 |
| Charge for the period | 392,246 | 650 | 1,391 | - | 394,287 |
| At 31 August 2018 | <u>525,573</u> | <u>650</u> | <u>1,391</u> | <u>-</u> | <u>527,614</u> |
| NET BOOK VALUE | | | | | |
| At 31 August 2018 | <u>23,575,365</u> | <u>12,345</u> | <u>4,679</u> | <u>49,862</u> | <u>23,642,251</u> |
| At 31 August 2017 | <u>14,428,906</u> | <u>-</u> | <u>33</u> | <u>-</u> | <u>14,428,939</u> |

14. Debtors

| | 2018 £ | 2017 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 26,374 | 21,674 |
| VAT repayable | 243,839 | 170,636 |
| Other debtors | 2,757 | 522 |
| Prepayments and accrued income | 311,178 | 281,589 |
| | <u>584,148</u> | <u>474,421</u> |

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15. Creditors: Amounts falling due within one year

| | 2018 | 2017 |
|--------------------------------------|------------------|----------------|
| | £ | £ |
| Other loans | 7,047 | - |
| Trade creditors | 458,889 | 179,687 |
| Other taxation and social security | 135,793 | 76,100 |
| Other creditors | 246,407 | 156,872 |
| Accruals and deferred income | 311,672 | 122,839 |
| | 1,159,808 | 535,498 |
| | 2018 | 2017 |
| | £ | £ |
| DEFERRED INCOME | | |
| Deferred income at 1 September 2017 | 71,767 | - |
| Resources deferred during the period | 133,628 | 71,767 |
| Amounts released from previous years | (71,767) | - |
| | 133,628 | 71,767 |
| Deferred income at 31 August 2018 | | |

At the balance sheet date the Academy Trust is holding amounts received in advance for free school meals.

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

| | 2018 | 2017 |
|---|----------------|----------|
| | £ | £ |
| Other loans | 169,120 | - |
| | 169,120 | - |
| Creditors include amounts not wholly repayable within 5 years as follows: | | |
| | 2018 | 2017 |
| | £ | £ |
| Repayable by instalments | 143,641 | - |
| | 143,641 | - |

Prior to the conversion of Netherton CE Primary School the school entered into a loan arrangement with Dudley Metropolitan Borough Council. The school is making capital repayments of 4% of the annual balance outstanding and interest is charged at 2.5% per annum.

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17. Statement of funds

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|-------------------------------------|---|-------------|------------------|--------------------------|-------------------------|--------------------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General funds | 664,547 | 682,430 | (448,841) | - | - | 898,136 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 180,973 | 7,365,964 | (7,742,411) | 209,378 | - | 13,904 |
| Start up grant | - | (9,210) | - | 9,210 | - | - |
| DfE/ESFA grants | - | 992,079 | (992,079) | - | - | - |
| Local authority grants | - | 373,181 | (373,181) | - | - | - |
| Other funding | - | 26,527 | (26,527) | - | - | - |
| Donations | - | 670 | (670) | - | - | - |
| Pension reserve | (3,295,000) | (2,255,000) | (300,000) | - | 391,000 | (5,459,000) |
| | (3,114,027) | 6,494,211 | (9,434,868) | 218,588 | 391,000 | (5,445,096) |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| Capital grants | 14,428,939 | 9,300,000 | (394,287) | 307,599 | - | 23,642,251 |
| DfE/ESFA capital grants | 10,091 | 793,481 | - | (526,187) | - | 277,385 |
| | 14,439,030 | 10,093,481 | (394,287) | (218,588) | - | 23,919,636 |
| Total restricted funds | 11,325,003 | 16,587,692 | (9,829,155) | - | 391,000 | 18,474,540 |
| Total of funds | 11,989,550 | 17,270,122 | (10,277,996) | - | 391,000 | 19,372,676 |

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

- 1) General Annual Grant: this must be used for the normal running costs of the Academy Trust.
- 2) Other DfE/ESFA Grant: this fund relates to other grants received which must be used for the purpose intended.
- 3) Other Restricted: this fund relates to all other restricted funds received which must be used for the purpose intended.
- 4) Restricted fixed asset fund: this fund relates to resources which must be applied for specific capital purposes intended.

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17. Statement of funds (continued)

- 5) Transfers between funds: this relates to amounts expended on fixed assets from the DfE grants which have been used for the acquisition of fixed assets during the year. The excess of restricted fixed asset funds over the total net book value of fixed assets represents capital monies not yet spent.

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 2018.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

| | Total 2018 £ | <i>Total 2017 £</i> |
|---|-----------------------------|-----------------------------|
| Crowle CofE First School | 18,628 | 54,036 |
| St Barnabas CofE First and Middle School | 129,548 | 26,422 |
| Offenham Church of England Academy | 76,540 | 73,241 |
| The Littletons Church of England Academy | 96,837 | 141,072 |
| St Nicholas' CofE Middle School | 201,568 | 147,474 |
| Malvern Parish CofE Primary School | (10,001) | 27,298 |
| Madresfield CofE Primary School | 11,783 | 83,224 |
| Pinvin CofE First School | 136,293 | 32,801 |
| Netherton CofE Primary School | (147,027) | - |
| St. Oswald's Primary School | 67,913 | - |
| Castlemorton CofE Primary School | 45,907 | - |
| Powick CofE Primary School | 61,878 | - |
| Trust | 222,173 | 259,952 |
| Total before fixed asset fund and pension reserve | 912,040 | 845,520 |
| Restricted fixed asset fund | 23,919,636 | 14,439,030 |
| Pension reserve | (5,459,000) | (3,295,000) |
| Total | 19,372,676 | 11,989,550 |

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17. Statement of funds (continued)

The following academies are carrying net deficits on their portion of the funds as follows:

| Name of academy | Amount of deficit £ |
|------------------------------------|--------------------------------|
| Malvern Parish CofE Primary School | (10,001) |
| Netherton CofE Primary School | (147,027) |

The Academy Trust is taking the following action to return the academies to surplus:

The Trust is about to undertake a restructure and have already made savings which should ensure a surplus balance at the end of 18/19. Spend is being monitored closely by management to minimise the impact. For all schools either partial or complete restructuring is being looked at to ensure future budgets are balanced.

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17. Statement of funds (continued)

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2018 £ | Total 2017 £ |
|--|---|--------------------------------------|------------------------------|---|--------------------|--------------------|
| Crowle CofE First School | 253,473 | 28,827 | 11,306 | 129,439 | 423,045 | 174,866 |
| St Barnabas CofE First and Middle School | 1,138,249 | 106,808 | 35,565 | 436,387 | 1,717,009 | 923,672 |
| Offenham Church of England Academy | 322,406 | 54,667 | 12,454 | 139,158 | 528,685 | 298,787 |
| The Littletons Church of England Academy | 501,720 | 52,819 | 11,924 | 156,930 | 723,393 | 369,179 |
| St Nicholas' CofE Middle School | 948,197 | 107,406 | 27,278 | 291,949 | 1,374,830 | 532,987 |
| Malvern Parish CofE Primary School | 650,362 | 71,642 | 32,732 | 205,592 | 960,328 | 355,766 |
| Madresfield CofE Primary School | 378,322 | 57,397 | 13,329 | 202,660 | 651,708 | 167,728 |
| Pinvin CofE First School | 405,234 | 41,652 | 11,803 | 131,720 | 590,409 | 246,217 |
| Netherton CofE Primary School | 1,136,420 | 163,069 | 27,625 | 316,796 | 1,643,910 | - |
| St. Oswald's Primary School | 445,649 | 50,614 | 10,855 | 81,839 | 588,957 | - |
| Castlemorton CofE Primary School | 57,416 | 10,498 | 9,105 | - | 77,019 | - |
| Powick CofE Primary School | 97,118 | 7,257 | 16,429 | - | 120,804 | - |
| Trust | 82,248 | 365,387 | 2,967 | 33,010 | 483,612 | 354,705 |
| | <u>6,416,814</u> | <u>1,118,043</u> | <u>223,372</u> | <u>2,125,480</u> | <u>9,883,709</u> | <u>3,423,907</u> |

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17. Statement of funds (continued)

Statement of funds - prior year

| | <i>Balance at 22 September 2016 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Transfers in/out £</i> | <i>Gains/ (Losses) £</i> | <i>Balance at 31 August 2017 £</i> |
|-------------------------------------|---|---------------------|--------------------------|-----------------------------------|----------------------------------|--|
| General funds | - | 829,265 | (164,718) | - | - | 664,547 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | - | 2,585,933 | (2,404,960) | - | - | 180,973 |
| Start up grant | - | 190,790 | (190,790) | - | - | - |
| Pupil Premium | - | 128,436 | (128,436) | - | - | - |
| Other income | - | 397,003 | (397,003) | - | - | - |
| Pension reserve | - | (3,016,000) | (138,000) | - | (141,000) | (3,295,000) |
| | - | 286,162 | (3,259,189) | - | (141,000) | (3,114,027) |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| General restricted funds | - | 14,350,000 | (133,327) | 212,266 | - | 14,428,939 |
| DfE/ESFA capital grants | - | 222,357 | - | (212,266) | - | 10,091 |
| | - | 14,572,357 | (133,327) | - | - | 14,439,030 |
| Total restricted funds | - | 14,858,519 | (3,392,516) | - | (141,000) | 11,325,003 |
| Total of funds | - | 15,687,784 | (3,557,234) | - | (141,000) | 11,989,550 |

18. Analysis of net assets between funds

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets | - | - | 23,642,251 | 23,642,251 |
| Current assets | 1,081,863 | 1,159,104 | 277,385 | 2,518,352 |
| Creditors due within one year | (14,607) | (1,145,200) | - | (1,159,807) |
| Creditors due in more than one year | (169,120) | - | - | (169,120) |
| Provisions for liabilities and charges | - | (5,459,000) | - | (5,459,000) |
| | 898,136 | (5,445,096) | 23,919,636 | 19,372,676 |

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

| | <i>Unrestricted funds</i> | <i>Restricted funds</i> | <i>Restricted fixed asset funds</i> | <i>Total funds</i> |
|--|-------------------------------|-----------------------------|---|------------------------|
| | 2017 | 2017 | 2017 | 2017 |
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 14,428,939 | 14,428,939 |
| Current assets | 664,547 | 716,471 | 10,091 | 1,391,109 |
| Creditors due within one year | - | (535,498) | - | (535,498) |
| Provisions for liabilities and charges | - | (3,295,000) | - | (3,295,000) |
| | <u>664,547</u> | <u>(3,114,027)</u> | <u>14,439,030</u> | <u>11,989,550</u> |

19. Reconciliation of net movement in funds to net cash flow from operating activities

| | 2018 | 2017 |
|--|-----------------------|----------------|
| | £ | £ |
| Net income for the period (as per Statement of Financial Activities) | 6,992,126 | 12,130,550 |
| Adjustment for: | | |
| Depreciation charges | 394,287 | 133,327 |
| Increase in debtors | (880,809) | (474,421) |
| Increase in creditors | 1,496,130 | 535,498 |
| Capital grants from DfE and other capital income | (785,465) | (270,540) |
| Defined benefit pension scheme obligation inherited | 2,255,000 | 3,016,000 |
| Defined benefit pension scheme cost less contributions payable | 186,000 | 103,000 |
| Defined benefit pension scheme finance cost | 114,000 | 35,000 |
| Surplus received on LA Funds | (80,962) | (485,808) |
| Interest income | (1,162) | (213) |
| Donated fixed assets | (9,300,000) | (14,350,000) |
| Net cash provided by operating activities | <u>389,145</u> | <u>372,393</u> |

20. Analysis of cash and cash equivalents

| | 2018 | 2017 |
|--------------|-------------------------|----------------|
| | £ | £ |
| Cash in hand | 1,934,205 | 916,688 |
| Total | <u>1,934,205</u> | <u>916,688</u> |

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21. Conversion to an academy trust

Netherton CE Primary School

On 1 November 2017 Netherton CE Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Diocese of Worcester Multi Academy Trust from Dudley Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|---------------------------------------|----------------------------|--------------------------|---|---------------------|
| Freehold/leasehold land and buildings | - | - | 4,000,000 | 4,000,000 |
| Budget surplus/(deficit) on LA funds | - | 62,218 | - | 62,218 |
| LGPS pension surplus/(deficit) | - | (915,000) | - | (915,000) |
| Borrowing obligations | (176,167) | - | - | (176,167) |
| | <u>(176,167)</u> | <u>(852,782)</u> | <u>4,000,000</u> | <u>2,971,051</u> |
| Net assets/(liabilities) | <u>(176,167)</u> | <u>(852,782)</u> | <u>4,000,000</u> | <u>2,971,051</u> |

The above net assets include £62,218 that were transferred as cash.

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St.Oswald's Primary School

On 1 February 2018 St. Oswald's Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Diocese of Worcester Multi Academy Trust from Dudley Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|---------------------------------------|-------------------------------------|-----------------------------------|---|------------------------------|
| Freehold/leasehold land and buildings | - | - | 2,500,000 | 2,500,000 |
| Budget surplus/(deficit) on LA funds | - | 79,110 | 8,016 | 87,126 |
| LGPS pension surplus/(deficit) | - | (688,000) | - | (688,000) |
| Total | - | (608,890) | 2,508,016 | 1,899,126 |

The above net assets include £87,126 that were transferred as cash.

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Castlemorton CE Primary School

On 1 July 2018 Castlemorton CE Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Diocese of Worcester Multi Academy Trust from Dudley Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|---------------------------------------|-------------------------------------|-----------------------------------|---|------------------------------|
| Freehold/leasehold land and buildings | - | - | 1,100,000 | 1,100,000 |
| Budget surplus/(deficit) on LA funds | - | 45,907 | - | 45,907 |
| LGPS pension surplus/(deficit) | - | (318,000) | - | (318,000) |
| Total | - | (272,093) | 1,100,000 | 827,907 |

The above net assets include £45,907 that were transferred as cash. The amounts were received after the year end and so are included in accrued income in the balance sheet.

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Powick CE Primary School

On 1 July 2018 Powick CE Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Diocese of Worcester Multi Academy Trust from Dudley Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|---------------------------------------|----------------------------|--------------------------|---|---------------------|
| Freehold/leasehold land and buildings | - | - | 1,700,000 | 1,700,000 |
| Budget surplus/(deficit) on LA funds | - | 61,878 | - | 61,878 |
| LGPS pension surplus/(deficit) | - | (334,000) | - | (334,000) |
| Total | - | (272,122) | 1,700,000 | 1,427,878 |

The above net assets include £61,878 that were transferred as cash. The amounts were received after the year end and so are included in accrued income in the balance sheet.

22. Capital commitments

At 31 August 2018 the Academy Trust had capital commitments as follows:

| | 2018 £ | 2017 £ |
|---|----------------|-----------|
| Contracted for but not provided in these financial statements | 282,177 | - |

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23. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £48,564 were payable to the schemes at 31 August 2018 (2017 - 85,478) 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:

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

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

The employer's pension costs paid to TPS in the period amounted to £591,549 (2017 - £90,353).

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23. Pension commitments (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2018 was £591,000 (2017 - £123,000), of which employer's contributions totalled £488,000 (2017 - £90,000) and employees' contributions totalled £103,000 (2017 - £33,000). The agreed contribution rates for future years are 16.2% for employers and 5.5 - 12.5% 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 trust is expecting to make the following additional contributions going forward:

| | |
|---------|---------|
| 2018/19 | £53,200 |
| 2019/20 | £55,300 |

Principal actuarial assumptions:

| | 2018 | 2017 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.73 % | 2.40 % |
| Rate of increase in salaries | 3.70 % | 3.70 % |
| Rate of increase for pensions in payment / inflation | 2.25 % | 2.20 % |
| Inflation assumption (CPI) | 2.20 % | 2.20 % |

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

| | 2018 | 2017 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.3 | 22.6 |
| Females | 25.1 | 25.6 |
| Retiring in 20 years | | |
| Males | 24.5 | 24.8 |
| Females | 27.4 | 27.9 |

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23. Pension commitments (continued)

| Sensitivity analysis | At 31 August 2018 £ | <i>At 31 August 2017 £</i> |
|--|------------------------------------|------------------------------------|
| Discount rate +0.1% | 5,836,000 | 3,219,000 |
| Discount rate -0.1% | 6,152,000 | 4,045,000 |
| Mortality assumption - 1 year increase | 6,138,000 | 3,358,000 |
| Mortality assumption - 1 year decrease | 5,846,000 | 3,906,000 |
| CPI rate +0.1% | 6,143,000 | 3,372,000 |
| CPI rate -0.1% | 5,869,000 | 3,892,000 |

The sensitivity analysis above shows the effect on the present value of the defined benefit obligation when flexing the principal actuarial assumptions.

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

| | Fair value at 31 August 2018 £ | <i>Fair value at 31 August 2017 £</i> |
|-------------------------------------|---|---|
| Equities | 1,168,000 | 290,000 |
| Gilts | 124,000 | - |
| Other bonds | 70,000 | 18,000 |
| Property | 94,000 | 13,000 |
| Cash and other liquid assets | 43,000 | 4,000 |
| Other | 113,000 | 12,000 |
| Total market value of assets | <u>1,612,000</u> | <u>337,000</u> |

The actual return on scheme assets was £49,000 (2017 - £11,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

| | 2018 £ | <i>2017 £</i> |
|---------------------------------------|-----------------------|-------------------|
| Current service cost | 674,000 | 193,000 |
| Net interest on the defined liability | 108,000 | 33,000 |
| Administration expense | 6,000 | 2,000 |
| Total | <u>788,000</u> | <u>228,000</u> |

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23. Pension commitments (continued)

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

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 3,632,000 | - |
| Upon conversion | 2,895,000 | 3,176,000 |
| Current service cost | 674,000 | 193,000 |
| Interest cost | 134,000 | 36,000 |
| Employee contributions | 103,000 | 33,000 |
| Actuarial (gains)/ losses | (368,000) | 149,000 |
| Benefits paid | 1,000 | 45,000 |
| | <u>7,071,000</u> | <u>3,632,000</u> |
| Closing defined benefit obligation | <u>7,071,000</u> | <u>3,632,000</u> |

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

| | 2018 £ | 2017 £ |
|-------------------------------------|------------------|----------------|
| Opening fair value of scheme assets | 337,000 | - |
| Upon conversion | 640,000 | 160,000 |
| Interest income | 26,000 | 3,000 |
| Actuarial gains/ (losses) | 23,000 | 8,000 |
| Employer contributions | 488,000 | 90,000 |
| Employee contributions | 103,000 | 33,000 |
| Benefits paid | 1,000 | 45,000 |
| Administration expenses | (6,000) | (2,000) |
| | <u>1,612,000</u> | <u>337,000</u> |
| Closing fair value of scheme assets | <u>1,612,000</u> | <u>337,000</u> |

24. Operating lease commitments

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

| | 2018 £ | 2017 £ |
|-------------------------|---------------|---------------|
| AMOUNTS PAYABLE: | | |
| Within 1 year | 29,260 | 39,116 |
| Between 1 and 5 years | 20,912 | 33,109 |
| | <u>50,172</u> | <u>72,225</u> |
| Total | <u>50,172</u> | <u>72,225</u> |

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25. Members' liability

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

26. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

With the exception of St Barnabas, all academies within trust have leasehold land held by The Worcester Diocesan Board of Finance Limited. The Worcester Diocesan Board of Finance Limited have granted the Academies, via a supplemental agreement, the right to use the land for educational purposes indefinitely. However, The Worcester Diocesan Board of Finance Limited may give not less than two years written notice to the Company and the Secretary of State to terminate this supplemental agreement.

The Academy Trust has received grants totalling £NIL (2017: £200,000) from the Diocese of Worcester. At 31 August 2018 amounts due from The Diocese of Worcester totalled £NIL (2017: £7,934).