

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 2017**

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**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**Members**

Bishop Graham, the Bishop of Dudley (appointed 22 September 2016)  
Sir Roger Fry (appointed 22 September 2016)  
Ann Mundy (appointed 22 September 2016)

**Trustees**

Margaret James (appointed 22 September 2016)  
Philip Mitchell (appointed 22 September 2016)  
Ann Mundy, Outgoing Chair (appointed 22 September 2016)<sup>1</sup>  
Hugh Richards (appointed 22 September 2016)  
Sean Witheford, Incoming Chair (appointed 22 September 2016)<sup>1</sup>

<sup>1</sup> Ann Mundy stepped down as Chair and Sean Witheford was appointed Chair 16 October 2017

**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**

Karen Surrall

**Chief executive officer**

Karen Surrall (appointed 1 February 2017, resigned 16 October 2017)  
Claire Davies (appointed 16 October 2017)

**Senior management team**

Karen Surrall, Chief Executive Officer, Accounting Officer until 16 October 2017  
Claire Davies, Chief Executive Officer, Accounting Officer from 16 October 2017  
Richard Wetherall, Finance Head (Consultant, AMF UK Limited)  
David Jenkins, Head of Operations

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**Advisers (continued)**

**Independent auditors**

Crowe Clark Whitehill 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

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**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 22nd September 2016 to 31 August 2017. 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 eight academies for pupils aged up to 12 serving schools within Worcester Diocese catchment area.

The Multi Academy Trust has a pupil capacity of 1340 and had a roll of 1347 in the school census on 1st January 2017.

The Eight Academies are:

<b>Academy</b>	<b>NOR</b>	<b>Date joined the Trust</b>
Littleton's CofE First School	140	1 February 2017
Offenham CofE First School	100	1 February 2017
St Barnabas CofE First & Middle School	340	1 March 2017
Crowle CofE First School	70	1 March 2017
St Nicholas CofE Middle School	300	1 April 2017
Pinvin CofE First School	80	1 April 2017
Malvern Parish CofE Primary School	210	1 April 2017
Madresfield CofE Primary School	100	1 May 2017

## **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 is known as Diocese of Worcester Multi Academy Trust. Its articles were adopted on 12th September 2016.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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Details of the Trustees who served during the period 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.

#### **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**

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 recognises 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 governors.

#### **ORGANISATIONAL STRUCTURE**

##### **Governance:**

The governance of the Academy 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 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 2017**

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**Academy Governance:**

Each academy has its own Local Governing Body. 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 Principal / Headteachers' responsibilities include;

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

The Board of Trustees will meet 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 Local Governing Bodies 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.

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 Local Governing Body.

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.

The Operational management of the trust was undertaken by Karen Surrall (CEO), David Jenkins (Operations Director) and Richard Wetherall (Head of Finance). The individuals were commissioned on a contractor basis by the trust. The combined remuneration for these services was £98,800.

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

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The trust is connected to the Worcestershire Diocese Academies Trust (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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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

Mrs Margaret James

**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, 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, reaching their potential whatever their starting points.
- To ensure staff and governors 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.

**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, directors and trust staff understand the pressures and challenges of education in the 21st century ensuring that those leading and teaching in our academies are resourced and supported.

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**TRUSTEES' REPORT (continued)**  
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**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 93% 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.

The DoWMAT has already undertaken rigorous financial planning and anticipate that the MAT will be self supporting by the end of 2017.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The principal work of the trust this year has been to establish the Trust, developing its vision and values and admitting schools into the Trust. Following the establishment of the Trust in September 2016, the Chief Executive Officer visited about 1/3 of schools within the Diocese of Worcester to explain the aims, objectives and the strategic vision of the trust. This included an explanation of the scheme of delegation and the services that would be provided to the schools in return for a 5% management fee.

Following approval by the Regional Schools Headteacher Board in November 2016, eight schools joined the DoWMAT between February 2017 and May 2017. This rapid growth has been an exciting but challenging time for the Trust. In order to deliver a high-quality service, the board decided to recruit a full time and permanent CEO with effect from September 2017. Following a rigorous recruitment process, which included over 25 applications, this has now been achieved.

One of our schools, St Barnabas First and Middle School, was inspected in January 2017 prior to conversion. It was judged to require improvement. As a result, the trust put some early intervention in place and data suggests that this is being effective.

Since joining the Trust, none of our academies have been inspected by OFSTED or undergone a Statutory Inspection of Anglican and Methodist Schools (SIAMS).

Half termly meetings with the headteachers have resulted in a new assessment system that will be used across the Trust so that pupil progress and attainment can be moderated across the Trust. This reflects the Trusts stated desire to work in partnership with our academies.

Half termly meetings with Chairs of Governors are enabling the Trust and Chairs to critically compare the effectiveness of governing bodies and how well existing structures are working so that pupil outcomes are good.

The Trust now has around a further ten schools who have, after appropriate consultation with their stakeholders, requested that they join the DoWMAT. As stated in the Trust's Memorandum and Articles, this

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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includes both church schools and non- church schools. The Trust is in the process of seeking approval for five of these schools to join the Trust in Autumn 2017.

#### **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 term 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 and currently there are eight academies within the Trust.

- St Barnabas First and Middle – this school requires improvement. Reviews by the DoWMAT, held termly have resulted in an improvement in the attainment of all groups of pupils at the end of KS2. Work will continue to ensure that progress for all groups of pupils continues to improve. (Joined Trust March 2017)
- St Nicholas Middle and Pinvin First – These schools are both 'good' schools. They have formed a collaboration with another local first school whose headteacher has moved on. This will strengthen relationships across the local cluster. DoWMAT is planning to take this school into DoWMAT early in 2018 (Joined Trust April 2017)
- Crowle First School – This is a 'good' school. The current headteacher will leave at Christmas and a new headteacher has been appointed. (Joined Trust March 2017)
- Malvern Parish Primary School – This has been a very good year for the school and the results are much improved on last year. The school has made some fundamental changes to the way it is teaching both literacy and maths and this has had an immediate impact. These will continue next year. The school is making sure that it is looking at the combined reading, writing and maths scores across the school. (Joined Trust April 2017)
- Madresfield Primary School – the Headteacher has just completed her second year and working with the ALP has identified several areas that need improvement. Some of these are still to be fully implemented and the head has robust plans in place. One area that has much improved is outcomes for pupil premium pupils. Some have made exceptional progress and the school is rapidly closing the gap between pupil premium and non-pupil premium pupils. Once again the outcomes for all pupils in combined scores for reading, writing and maths will be a focus next year. (Joined Trust May 2017)

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**TRUSTEES' REPORT (continued)**  
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- The Littletons First School – the Headteacher is now working full time at the school having finished her secondment to a school in Special Measures. Challenges for the school include maintaining progress in Year 2 into Year 3 and 4, particularly in Literacy. The early years' provision at the school needs to be strengthened, through resourcing and supporting the NQT in YR. (Joined Trust February 2017)
- Offenham First School – The school is good. The headteacher has a robust understanding of the strengths and weaknesses of the school. She is good at challenging underperformance through performance management. (Joined Trust 2017)

All our academies have had significant issues with payroll as a result of our payroll provider changing their system on 1 April 2017. This has been a problem throughout the county and has taken far too long to correct.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

**KEY PERFORMANCE INDICATORS**

**Finance**

	<b><u>KPI</u></b>	<b><u>RAG</u></b>	<b><u>Next Steps</u></b>	<b><u>KPI Owner</u></b>
1.1	Effective finance system in place	A	Problems with Mercury gradually being overcome. ASO appointed. Effective support for schools being put in place.	DOWMAT Head of Finance
1.2	Finance strategy in place	A	This has been issued for consideration by Head of Finance	DOWMAT Head of Finance
1.3	3-year strategy in place that achieves balanced budget, and is being delivered	A	This has been issued for consideration by Head of Finance	DOWMAT Head of Finance
1.4	Effective financial monitoring systems in place to provide early warning of possible problems	A	Effective budgeting systems being established	DOWMAT Head of Finance

**HR**

	<b><u>KPI</u></b>	<b><u>RAG</u></b>	<b><u>Next Steps</u></b>	<b><u>KPI Owner</u></b>
2.1	High performing Board appointed, and operating effectively	A	Consider widening the scope of the board	DOWMAT BOARD CHAIR
2.2	Effective CEO in post	A	New permanent CEO appointed	DOWMAT BOARD CHAIR
2.3	Clear recruitment plan in place to appoint high quality personnel at the appropriate opportunity to replace interim appointees	A	CEO and ASO appointed. Next appointments to be considered.	DOWMAT staffing sub- committee
2.4	Effective IT system and strategy in place	G	ICT strategy in place and being implemented	DOWMAT Head of Operations
2.5	Staffing issues in schools being addressed promptly and effectively	A	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.	DOWMAT CEO

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

**Processes**

	<u>KPI</u>	<u>RAG</u>	<u>Next Steps</u>	<u>KPI Owner</u>
3.1	3-year Business Plan produced and approved by DOWMAT Board	A	This has been issued for consideration by Head of Finance. To be updated once future staffing arrangements agreed.	DOWMAT BOARD CHAIR
3.2	Reporting system from schools to DOWMAT is established and operating well	A	Reporting template in circulation	DOWMAT CEO
3.3	Clear statement for Vision Values and Ethos in place, communicated and being lived on a daily basis	G	Draft V and V in Strategic Plan. Meeting held to refine V and V. Final text to be agreed.	DOWMAT CEO
3.4	Effective filtering process in place to review potential new converters to the DOWMAT	G	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.	DOWMAT CEO
3.5	Effective academy conversion process in place	G	Effective and efficient conversion programme in place. Experienced project manager in post.	DOWMAT Head of Operations

**Educational Outcomes**

	<u>KPI</u>	<u>RAG</u>	<u>Next Steps</u>	<u>KPI Owner</u>
4.1	All schools considered "good" or "outstanding" using DOWMAT's own system of assessment, and corroborated by OFSTED and SIAMS inspections	A	Common assessment system being implemented	DOWMAT CEO
4.2	All schools in the DOWMAT moving towards more effective collaboration	A	Schools are currently joining in well-established clusters.	DOWMAT CEO

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**TRUSTEES' REPORT (continued)**  
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**School Focused KPI's / Key and vital tasks to be monitored by the CEO**

	<b>KPI</b>	<b>RAG</b>	<b>Next Steps</b>	<b>KPI Owner</b>
	<b>HR</b>			
A.1	Staffing issues in schools being addressed promptly and effectively	A	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.	DOWMAT Head of Operations
	<b>Educational Outcomes</b>			
B.1	All schools have effective School Action Plan in place that is being developed so that the impact of any actions are clearly identified	A	Need to check that these are accurate when due diligence is undertaken.	DOWMAT CEO
B.2	A clear plan is in place to ensure that any educational concerns are pro-actively and effectively tackled	R	This needs addressing	DOWMAT CEO
B.3	All schools on an upward trajectory with clear procedures in place for those that are not	R	This needs addressing.	DOWMAT CEO

**GOING CONCERN**

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

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**TRUSTEES' REPORT (continued)**  
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**FINANCIAL REVIEW**

The Academy 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.

Those policies include but is not exhaustive to; Accounting, Risk Management, Gifts and Donations, Business Continuity, Charges and Remissions and Anti-Fraud. In addition, the Academy Trust has an in depth Financial Scheme of Delegation and Financial Procedures Document which all financial staff read and sign their acceptance.

Diocese of Worcester Multi Academy Trust receives 99% of its funding through the Department for Education via the Education Funding Agency in the form of the General Annual Grant.

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 2017 and the associated expenditure are shown as restricted funds in the statement of financial 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 Academy Trust's accounting policies.

During the period ended 31 August 2017, total expenditure of £3,557,234 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 21 to the accounts)

At 31 August 2017 the net book value of fixed assets was £14,428,939 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

**RESERVES POLICY**

The Trustees will review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. With no material designated projects the Trust's longer term policy with regard to the available free reserves is to use them strategically to maintain the high standard of teaching and learning across the academies.

The Academy is holding reserves at 31 August 2017 of £11,989,550.

This comprises:

Restricted Funds deficit of £3,114,027  
Unrestricted Funds of £664,547  
Restricted Fixed Asset Funds of £14,439,030

Restricted Funds comprises:

£180,973 general funds to support the academy's budget in 2017-18  
£3,295,000 the deficit on the defined benefit pension scheme

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**TRUSTEES' REPORT (continued)**  
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The Academy Trust is not yet in a position to determine what level of reserves are required and this will be reviewed in the upcoming years. The free reserves of the Academy Trust are £845,520 at 31 August 2017.

The Trustees have reviewed these reserves and believes they are adequate to provide sufficient working capital for the Academy Trust to continue to operate within its financial resources, and to cover unexpected urgent work. Specific use to which the respective funds can be applied are detailed in note 1.5.

### **INVESTMENTS POLICY**

A return on working capital shall be optimised whilst allowing easy access of the funds. In balancing risk against return the Academy 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 Trust are aware that they have a responsibility to ensure that investment risk is properly managed. As such, they must:

- Know and act within their Trust'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 Board of Trustees has 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 Chief Finance Officer is responsible for producing reliable cash flow forecasts as a basis for decision making and for providing sufficient management information to the Finance Committee so it can review and monitor investment performance.

The Trust Finance Committee 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.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

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




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**TRUSTEES' REPORT (continued)**  
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Risk ID	Risk Cause	Risk Effect	Risk Score Trend Rising / Falling / Static	Risk Response Action (Actions Taken / Actions Intended to be Taken)
1.	<b>Failure of governance arrangements</b>	1. WDAT appointed members of DOWMAT fail to perform 2. DOWMAT mission separates from DBE, DBF purpose		a. Recruit high quality board members and in adequate numbers b. Ensure prompt / accurate reporting systems in place from all academies, regularly, containing appropriate information c. Ensure DOWMAT meets regularly to monitor academies d. Maintain close ties between DBF, DBE, WDAT and DOWMAT e. Ensure clear scheme of delegation exists between WDAT and DOWMAT f. Provide high quality induction and ongoing training and support
2.	<b>Safeguarding failure</b>	Accident or other harm suffered by a child in the DOWMAT's care		a. Carry out safeguarding audit of all schools prior to them joining the DOWMAT b. Ensure the DOWMAT has robust safeguarding procedures in place
3.	<b>Falling educational standards in academies</b>	School standards fail to improve or get worse		a. Ensure reporting mechanism in place to flag any problems, and ensure early solutions b. Ensure high quality and effective school improvement system in place c. An external annual review will ensure a rigorous approach to standards is maintained
4.	<b>Vision, Values and Ethos (VVE) of DOWMAT not embedded in all academies</b>	Vision, values and ethos not clearly stated or not communicated and reinforced		a. DBE must clearly state Vision, Values and Ethos (VVE) b. DOWMAT to ensure all those involved in the DOWMAT understand and endorse the VVE, and reinforce the VVE at every opportunity c. Annual focus on vision and values for Board
5.	<b>Regional Schools Commissioner (RSC) restricts activities of DOWMAT</b>	Growth of DOWMAT stopped, or even academies taken away		a. Work with WDAT to maintain excellent relationships with the RSC





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

**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

Risk ID	Risk Cause	Risk Effect	Risk Score Trend Rising / Falling / Static	Risk Response Action (Actions Taken / Actions Intended to be Taken)
6.	<b>Accelerated academisation programme overwhelms DOWMAT. This could be due to failures in Worcs CC</b>	Conversion process fails, and unprepared schools allowed to convert to academies, and DOWMAT management team becomes overwhelmed		<ul style="list-style-type: none"> <li>a. Ensure appropriate quality and quantity of resource available as required</li> <li>b. Ensure robust due diligence process in place</li> <li>c. Ensure robust project management in place for conversion process</li> <li>d. Ensure DOWMAT has appropriate management resource and structures in place before accepting new academies</li> <li>e. Monitor Worcs CC and the levels of service and support being provided to maintained schools</li> <li>f. Carry out effective due diligence</li> </ul>
7.	<b>DOWMAT becomes overwhelmed by schools in need of high levels of support i.e. small financially weak schools or schools with poor standards</b>	DOWMAT management team becomes overwhelmed, so that standards fall across the MAT, and finances become stretched leading to falling levels of services and reduced services		<ul style="list-style-type: none"> <li>a. Manage the pipeline of schools to ensure a balance of schools join, in terms of size, financial capacity, educational standards etc.</li> <li>b. Undertake thorough due diligence on all joining schools</li> </ul>
8.	<b>Reputational damage to DOWMAT, WDAT, DBE, DBF and Diocese</b>	Failures in DOWMAT operations leads to school failures, and associated reputational damage		<ul style="list-style-type: none"> <li>c. DOWMAT to ensure effective reporting systems in place to provide early warning of any problems in DOWMAT academies (see 1. and 2. above)</li> <li>d. DOWMAT to put in place effective Communications protocols and ensure all academies understand these</li> <li>e. DOWMAT to maintain effective and positive communications programme promoting the successes</li> <li>f. Disaster management Plan required</li> </ul>



**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

Risk ID	Risk Cause	Risk Effect	Risk Score Trend Rising / Falling / Static	Risk Response Action (Actions Taken / Actions Intended to be Taken)
9.	<b>Lack of effective communication, PR and marketing</b>	DOWMAT fails to develop as successes not applauded and poor publicity not rebuffed		<ul style="list-style-type: none"> <li>a. Ensure clear and high quality Offer document created and communicated to all schools</li> <li>b. DOWMAT to put in place effective Communications protocols and ensure all academies understand these</li> <li>c. Ensure adequate attention and resources provided for PR etc.</li> <li>d. Establish compelling offer of services to non-DOWMAT schools</li> </ul>
10.	<b>Failure to recruit high calibre individuals to key roles</b>	Services offered by DOWMAT are not of a suitably high standard		<ul style="list-style-type: none"> <li>a. Allow plenty of time in advance to undertake a high quality recruitment campaign</li> <li>b. Ensure budgets allow for appropriate salary levels to be offered</li> <li>c. Develop a programme to nurture existing talent within the DOWMAT</li> </ul>
11.	<b>DOWMAT fails to provide high quality services in school improvement, HR, finance, etc.</b>	Converted academies become disillusioned and potential converters don't proceed		<ul style="list-style-type: none"> <li>a. Ensure high quality services provided in all key areas including: <ul style="list-style-type: none"> <li>I. School Improvement</li> <li>II. Finance</li> <li>III. HR</li> <li>IV. Operations</li> </ul> </li> <li>b. Regularly obtain formal feedback from DOWMAT academies on the quality / appropriateness of services provided</li> <li>c. Regularly review (annually?) the Membership Fee and compare to services provided, and adjust as necessary</li> </ul>
12.	<b>DOWMAT fails to set a balanced budget</b>	<b>DOWMAT falls in to deficit, leading to reduced levels of service and in the worst case total financial failure</b>		<ul style="list-style-type: none"> <li>a. DBF has provided a grant to help establish the DOWMA, and a bid for further sponsor capacity grant has been submitted</li> <li>b. Budgets must be set within the grant funding and allowances</li> <li>c. Balanced budgets must be set prior to the expiry of the grant funding</li> </ul>

**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

Risk ID	Risk Cause	Risk Effect	Risk Score Trend Rising / Falling / Static	Risk Response Action (Actions Taken / Actions Intended to be Taken)
13.	Poor financial controls	Overspends in DOWMAT / individual academies threaten financial stability of DOWMAT		1. Ensure reporting mechanisms in place to flag any problems, and ensure early solutions
14	Changing age range from First to Primary	Change destabilises local pyramids, and generates bad publicity		1. Monitor situation and review each case on its merits

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 2016 to 31 August 2017. This process is regularly reviewed by the Board of Trustees.

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**PLANS FOR FUTURE PERIODS**

**FUTURE DEVELOPMENTS**

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 maximizing attainment for higher attaining pupils.

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.

It is a matter of urgency that the Trust secures improved operational management, particularly as the Trust grows and Trustees are actively seeking to appoint a full time Director of Finance and Operations.

The Trustees intend to continue to develop internal capacity to keep pace with the growing demands of the academies.

On the 1 November 2017, Netherton CE Primary joined the multi academy trust.

**FUNDS HELD AS CUSTODIAN**

There are no funds held as custodian trustee on behalf of others.

**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 11 December 2017 and signed on its behalf by:

  
**Sean Witheford**  
Chair of Trustees

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

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**GOVERNANCE STATEMENT**

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**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 has delegated the day-to-day responsibility to the Chief Executive Officer, 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 The Diocese of Worcester Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 2 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Margaret James	2	2
Philip Mitchell	1	2
Ann Mundy, Outgoing Chair	2	2
Hugh Richards	2	2
Sean Witheford, Incoming Chair	2	2

The Board has met regularly over the period and there have been no significant changes.

A review of Governance, to include the skill set of each of the current Trustees has taken place in October 2017 and the report is in the process of being finalised. This will be completed on an annual basis.

The Finance Committee is a sub-committee of the main Board of Trustees.

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

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
S Witheford	1	1
M James	1	1

The Board have received detailed data in respect of the Trust and individual schools on which to base decision making and the allocation of resources to fund priorities. The board has challenged the information where they feel necessary.

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Chief Executive Officer 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

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**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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Trust has delivered improved value for money during the year by:

- implementing the Trust's school improvement service it ensures that public funds are used effectively and efficiently to improve teaching and learning.
- actively encouraging collaboration between Academies and other Church of England schools in Worcestershire to share best practice and mutual support to deal with issues assists the continuing improvement in pupil attainment
- Implementing joint purchasing for the Academies and use of third party assessors to get the best value for money

**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 period 22 September 2016 to 31 August 2017 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 period 22 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Crowe Clark Whitehill LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Given the infancy of the Trust there have been no formal visits carried out in the current financial year, however, advice has been sought from the Auditors during the set up of the Trust and throughout the period.

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**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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Going forward, on a termly basis, the auditors will report to the board of trustees through the Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

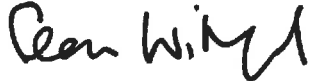
**REVIEW OF EFFECTIVENESS**

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 11 December 2017 and signed on their behalf, by:



**Sean Witheford**  
**Chair of Trustees**



**Claire Davies**  
**Accounting Officer**

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

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Karen Surrall was the Accounting Officer during the period ended 31 August 2017 and resigned on 16 October 2017. I am, as Accounting Officer of The Diocese of Worcester Multi Academy Trust since 17 October 2017, signing this report on her behalf.

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

I confirm that I and the academy trust 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 2016.

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



**Claire Davies**  
**Accounting Officer**

Date: 11 December 2017

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

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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The Trustees (who act as governors of The Diocese of Worcester Multi Academy Trust and 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 and 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:

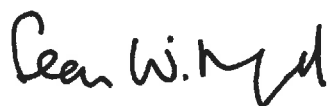
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the 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 11 December 2017 and signed on its behalf by:



**Sean Witheford**  
**Chair of Trustees**

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**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**

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**OPINION**

We have audited the financial statements of The Diocese of Worcester Multi Academy Trust for the period ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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.

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**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**

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**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 Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Academy 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

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

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

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**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's or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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



Dave Darlaston (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

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

Date: 11 December 2017

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

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In accordance with the terms of our engagement letter dated 28 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Diocese of Worcester Multi Academy Trust during the period 22 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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  
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 22 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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.

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

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

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 22 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe Clark Whitehill LLP

Statutory Auditor

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

Date: 11 December 2017 .

**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
<b>Income from:</b>					
<b>Donations &amp; capital grants:</b>					
Transfer from local authority on conversion	2	485,808	(3,016,000)	14,350,000	11,819,808
Other donations and capital grants	2	73,749	-	222,357	296,106
Charitable activities	3	157,352	3,302,162	-	3,459,514
Other trading activities	4	112,143	-	-	112,143
Investments	5	213	-	-	213
<b>Total income</b>		<b>829,265</b>	<b>286,162</b>	<b>14,572,357</b>	<b>15,687,784</b>
<b>Expenditure on:</b>					
Charitable activities		164,718	3,259,189	133,327	3,557,234
<b>Total expenditure</b>	6	<b>164,718</b>	<b>3,259,189</b>	<b>133,327</b>	<b>3,557,234</b>
<b>Net income / (expenditure) before other recognised gains and losses</b>					
		664,547	(2,973,027)	14,439,030	12,130,550
Actuarial losses on defined benefit pension schemes	21	-	(141,000)	-	(141,000)
<b>Net movement in funds</b>		<b>664,547</b>	<b>(3,114,027)</b>	<b>14,439,030</b>	<b>11,989,550</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		-	-	-	-
<b>Total funds carried forward</b>		<b>664,547</b>	<b>(3,114,027)</b>	<b>14,439,030</b>	<b>11,989,550</b>

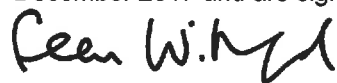
The notes on pages 33 to 61 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £
<b>Fixed assets</b>			
Tangible assets	13		14,428,939
<b>Current assets</b>			
Debtors	14	474,421	
Cash at bank and in hand		916,688	
		1,391,109	
<b>Creditors: amounts falling due within one year</b>	15	(535,498)	
<b>Net current assets</b>			855,611
<b>Total assets less current liabilities</b>			15,284,550
Defined benefit pension scheme liability	21		(3,295,000)
<b>Net assets including pension scheme liabilities</b>			11,989,550
<b>Funds of the academy</b>			
<b>Restricted income funds:</b>			
Restricted income funds	16	180,973	
Restricted fixed asset funds	16	14,439,030	
		14,620,003	
Restricted income funds excluding pension liability			
Pension reserve		(3,295,000)	
		11,325,003	
Total restricted income funds			11,325,003
Unrestricted income funds	16		664,547
<b>Total funds</b>			11,989,550

The financial statements on pages 30 to 61 were approved by the Trustees, and authorised for issue, on 11 December 2017 and are signed on their behalf, by:



**Sean Witheford**  
**Chair of Trustees**

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

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**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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	Note	2017 £
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	18	<u>372,393</u>
<b>Cash flows from investing activities:</b>		
Bank interest		213
Purchase of tangible fixed assets		(212,266)
Capital grants from DfE/ESFA		<u>270,540</u>
<b>Net cash provided by investing activities</b>		<u>58,487</u>
<b>Cash flows from financing activities:</b>		
Surplus received on LA funds		<u>485,808</u>
<b>Net cash provided by financing activities</b>		<u>485,808</u>
<b>Change in cash and cash equivalents in the period</b>		<b>916,688</b>
Cash and cash equivalents brought forward		<u>-</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>916,688</u></u>

The notes on pages 33 to 61 form part of these financial statements.

All of the cash flows are derived from acquisitions in the current financial period.

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**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**1. Accounting Policies**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The accounts cover the period from 22 September 2016 to 31 August 2017 for the Trust. The first convertor Academies joined in February 2017 with subsequent conversion dates shown in Note 20.

**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.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**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.

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

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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**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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

Long-term leasehold property	-	2% (straight line)
Fixtures and fittings	-	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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**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**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.

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**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**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 note 15. 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 21, 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.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**1. Accounting Policies (continued)**

**1.14 PENSIONS (continued)**

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.

**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 the predecessor schools 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 20.

**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 the Department for Education 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 and include grants from the Department for Education.

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

**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

**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 21, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

**2. Income from donations and capital grants**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Restricted fixed asset funds 2017 £</b>	<b>Total funds 2017 £</b>
Donated fixed assets	-	-	14,350,000	14,350,000
Budget surplus on LA and school funds	485,808	-	-	485,808
Defined benefit pension scheme deficit	-	(3,016,000)	-	(3,016,000)
	<u>485,808</u>	<u>(3,016,000)</u>	<u>14,350,000</u>	<u>11,819,808</u>
Transfer from local authority on conversion	485,808	(3,016,000)	14,350,000	11,819,808
Donations	73,749	-	-	73,749
Capital grants	-	-	222,357	222,357
	<u>559,557</u>	<u>(3,016,000)</u>	<u>14,572,357</u>	<u>12,115,914</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

**3. Funding for Academy's educational operations**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
<b>DfE/ESFA grants</b>			
General Annual Grant	-	2,585,933	2,585,933
Start Up Grant	-	190,790	190,790
Other DFE/ESFA Grant	-	328,477	328,477
	-	3,105,200	3,105,200
<b>Other government grants</b>			
Local Authority Grants	-	46,962	46,962
	-	46,962	46,962
<b>Other funding</b>			
Non Government Income	55,000	150,000	205,000
Catering Income	5,054	-	5,054
Parental Contributions	27,684	-	27,684
Income from clubs	2,087	-	2,087
Insurance claims	30,507	-	30,507
Educational visits income	37,020	-	37,020
	157,352	150,000	307,352
	157,352	3,302,162	3,459,514

**4. Other trading activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Letting Income	44,969	-	44,969
Preschool income	67,174	-	67,174
	112,143	-	112,143

**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2017**

**5. Investment income**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Bank interest	213	-	213

**6. Expenditure**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Funding for educational operations:				
Direct costs	2,078,557	133,327	224,548	2,436,432
Support costs	395,669	201,394	359,021	956,084
Other incoming resources: Support costs	70,317	-	94,401	164,718
	<u>2,544,543</u>	<u>334,721</u>	<u>677,970</u>	<u>3,557,234</u>

**7. Support costs**

	Funding for educational operations £	Other incoming resources £	Total 2017 £
Technology costs	28,220	-	28,220
Premises costs	201,394	-	201,394
Catering	88,747	-	88,747
Other support costs	69,195	94,401	163,596
Governance costs	172,859	-	172,859
Wages and salaries	206,205	59,720	265,925
National insurance	8,374	2,121	10,495
Pension cost	181,090	8,476	189,566
	<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 governors, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2017**

**8. Net income/(expenditure)**

This is stated after charging:

	2017 £
Depreciation of tangible fixed assets: - owned	133,327
Auditors' remuneration - audit	12,445
Auditors' remuneration - other services	3,250
Operating lease rentals	33,218
	33,218

**9. Staff costs**

Staff costs were as follows:

	2017 £
Wages and salaries	1,909,818
Social security costs	155,859
Operating costs of defined benefit pension schemes	460,386
	2,526,063
Supply teacher costs	18,480
	2,544,543

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

	2017 No.
Teachers	74
Administration and support	172
Management	19
	265

No employee received remuneration amounting to more than £60,000 in the period.

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 £98,800.

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**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**10. Central services**

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

- 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 period were as follows:

	2017 £
The Littletons Church of England Academy	13,997
Offenham Church of England Academy	13,031
Crowle CofE First School	8,089
St Barnabas CofE First and Middle School	33,993
Malvern Parish CofE Primary School	15,912
St Nicholas' CofE Middle School	25,502
Pinvin CofE First School	10,931
Madresfield CofE Primary School	7,720
Total	<u>129,175</u>

**11. Trustees' remuneration and expenses**

During the period, no Trustees received any remuneration.

During the period, no Trustees received any benefits in kind.

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

**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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2017**

**13. Tangible fixed assets**

	Leasehold buildings £	Fixtures and fittings £	Total £
<b>COST</b>			
Additions	212,233	33	212,266
Assets on conversion	14,350,000	-	14,350,000
At 31 August 2017	14,562,233	33	14,562,266
<b>DEPRECIATION</b>			
Charge for the period	133,327	-	133,327
At 31 August 2017	133,327	-	133,327
<b>NET BOOK VALUE</b>			
At 31 August 2017	14,428,906	33	14,428,939

**14. Debtors**

	2017 £
Trade debtors	21,674
VAT repayable	170,636
Other debtors	522
Prepayments and accrued income	281,589
	474,421

**15. Creditors: Amounts falling due within one year**

	2017 £
Trade creditors	179,687
Other taxation and social security	76,100
Other creditors	156,872
Accruals and deferred income	122,839
	535,498
£	
<b>DEFERRED INCOME</b>	
Resources deferred during the period	71,767

**THE DIOCESE OF WORCESTER MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2017**

**15. Creditors: Amounts falling due within one year (continued)**

At the balance sheet date the Academy Trust is holding amounts totalling £65,823 and £5,944 of grants received in advance for free school meals and rates respectively.

**16. Statement of funds**

	Balance at 22 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>UNRESTRICTED FUNDS</b>						
General funds	-	829,265	(164,718)	-	-	664,547
<b>RESTRICTED FUNDS</b>						
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)
<b>RESTRICTED FIXED ASSET FUNDS</b>						
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

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/EFA 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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**16. Statement of funds (continued)**

The difference between the fixed asset note and the restricted fixed asset funds represents unspent capital funding. At 31 August 2017 this amounted to £10,091.

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

**Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>
Crowle CofE First School	<b>54,036</b>
St Barnabas CofE First and Middle School	<b>26,422</b>
Offenham Church of England Academy	<b>73,241</b>
The Littletons Church of England Academy	<b>141,072</b>
St Nicholas' CofE Middle School	<b>147,474</b>
Malvern Parish CofE Primary School	<b>27,298</b>
Madresfield CofE Primary School	<b>83,224</b>
Pinvin CofE First School	<b>32,801</b>
Trust	<b>259,952</b>
Total before fixed asset fund and pension reserve	<b>845,520</b>
Restricted fixed asset fund	<b>14,439,030</b>
Pension reserve	<b>(3,295,000)</b>
Total	<b>11,989,550</b>

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**16. Statement of funds (continued)**

**Analysis of academies by cost**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £
Crowle CofE First School	126,425	15,891	2,258	30,292	174,866
St Barnabas CofE First and Middle School	565,378	196,505	18,717	143,072	923,672
Offenham Church of England Academy	194,865	50,658	4,024	49,240	298,787
The Littletons Church of England Academy	231,641	58,440	12,277	66,821	369,179
St Nicholas' CofE Middle School	394,790	49,357	15,748	73,092	532,987
Malvern Parish CofE Primary School	264,250	42,726	7,044	41,746	355,766
Madresfield CofE Primary School	118,789	18,853	1,323	28,763	167,728
Pinvin CofE First School	182,419	33,555	1,179	29,064	246,217
Trust	-	-	-	354,705	354,705
	<u>2,078,557</u>	<u>465,985</u>	<u>62,570</u>	<u>816,795</u>	<u>3,423,907</u>

**17. Analysis of net assets between funds**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 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>

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

	2017 £
Net income for the period (as per Statement of Financial Activities)	12,130,550
<b>Adjustment for:</b>	
Depreciation charges	133,327
Increase in debtors	(474,421)
Increase in creditors	535,498
Capital grants from DfE and other capital income	(270,540)
Defined benefit pension scheme obligation inherited	3,016,000
Defined benefit pension scheme cost less contributions payable	103,000
Defined benefit pension scheme finance cost	35,000
Surplus received on LA Funds	(485,808)
Interest income	(213)
Donated fixed assets	(14,350,000)
<b>Net cash provided by operating activities</b>	<u><u>372,393</u></u>

**19. Analysis of cash and cash equivalents**

	2017 £
Cash in hand	916,688
<b>Total</b>	<u><u>916,688</u></u>

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**20. Conversion to an academy trust**

**Offenham Church of England Academy**

On 1 February 2017 Offenham Church of England Academy 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 Worcestershire County 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 £
Leasehold land and buildings	-	-	1,200,000	1,200,000
Budget surplus/(deficit) on LA funds	40,023	-	-	40,023
LGPS pension surplus/(deficit)	-	(298,093)	-	(298,093)
Net assets/(liabilities)	<u>40,023</u>	<u>(298,093)</u>	<u>1,200,000</u>	<u>941,930</u>

The above net assets include £40,023 that were transferred as cash.

The Academy has been given the indefinite right to use the land and buildings by way of a Church Supplemental Agreement with the The Worcester Diocesan Board of Finance Limited. The Worcester Diocesan Board of Finance Limited may give not less than two years written notice to the Academy Trust and the Secretary of State to terminate this supplemental agreement.

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**St Nicholas' CofE Middle School**

On 1 April 2017 St Nicholas' CofE Middle 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 Worcestershire County 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 £
Budget surplus/(deficit) on LA funds	119,042	-	-	119,042
LGPS pension surplus/(deficit)	-	(473,442)	-	(473,442)
Leasehold land and buildings	-	-	2,750,000	2,750,000
Total	<u>119,042</u>	<u>(473,442)</u>	<u>2,750,000</u>	<u>2,395,600</u>

The above net assets include £119,042 that were transferred as cash.

The Academy has been given the indefinite right to use the land and buildings by way of a Church Supplemental Agreement with the The Worcester Diocesan Board of Finance Limited. The Worcester Diocesan Board of Finance Limited may give not less than two years written notice to the Academy Trust and the Secretary of State to terminate this supplemental agreement.

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**St Barnabas CofE First and Middle School**

On 1 March 2017 St Barnabas CofE First and Middle 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 Worcestershire County 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 £
Budget surplus/(deficit) on LA funds	60,975	-	-	60,975
LGPS pension surplus/(deficit)	-	(859,209)	-	(859,209)
Leasehold land and buildings	-	-	4,000,000	4,000,000
Total	<u>60,975</u>	<u>(859,209)</u>	<u>4,000,000</u>	<u>3,201,766</u>

The above net assets include £60,975 that were transferred as cash.

The land and buildings are owned by The Worcestershire County Council and have been leased to St Barnabas CofE First and Middle School under a 125 year lease agreement.

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**Crowle CofE First School**

On 1 March 2017 Crowle CofE First 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 Worcestershire County 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 £
Budget surplus/(deficit) on LA funds	36,940	-	-	36,940
LGPS pension surplus/(deficit)	-	(210,419)	-	(210,419)
Leasehold land and buildings	-	-	1,000,000	1,000,000
Total	<u>36,940</u>	<u>(210,419)</u>	<u>1,000,000</u>	<u>826,521</u>

The above net assets include £36,940 that were transferred as cash.

The Academy has been given the indefinite right to use the land and buildings by way of a Church Supplemental Agreement with the The Worcester Diocesan Board of Finance Limited. The Worcester Diocesan Board of Finance Limited may give not less than two years written notice to the Academy Trust and the Secretary of State to terminate this supplemental agreement.

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**The Littletons Church of England Academy**

On 1 February 2017 The Littletons Church of England Academy 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 Worcestershire County 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 £
Budget surplus/(deficit) on LA funds	127,186	-	-	127,186
LGPS pension surplus/(deficit)	-	(333,163)	-	(333,163)
Leasehold land and buildings	-	-	1,300,000	1,300,000
Total	<u>127,186</u>	<u>(333,163)</u>	<u>1,300,000</u>	<u>1,094,023</u>

The above net assets include £127,186 that were transferred as cash.

The Academy has been given the indefinite right to use the land and buildings by way of a Church Supplemental Agreement with the The Worcester Diocesan Board of Finance Limited. The Worcester Diocesan Board of Finance Limited may give not less than two years written notice to the Academy Trust and the Secretary of State to terminate this supplemental agreement.

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**Pinvin CofE First School**

On 1 April 2017 Pinvin CofE First 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 Worcestershire County 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 £
Budget surplus/(deficit) on LA funds	10,000	-	-	10,000
LGPS pension surplus/(deficit)	-	(298,093)	-	(298,093)
Leasehold land and buildings	-	-	1,300,000	1,300,000
<b>Total</b>	<b>10,000</b>	<b>(298,093)</b>	<b>1,300,000</b>	<b>1,011,907</b>

The above net assets include £10,000 that were transferred as cash.

The Academy has been given the indefinite right to use the land and buildings by way of a Church Supplemental Agreement with the The Worcester Diocesan Board of Finance Limited. The Worcester Diocesan Board of Finance Limited may give not less than two years written notice to the Academy Trust and the Secretary of State to terminate this supplemental agreement.

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**Malvern Parish CofE Primary School**

On 1 April 2017 Malvern Parish CofE 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 Worcestershire County 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 £
Budget surplus/(deficit) on LA funds	14,589	-	-	14,589
LGPS pension surplus/(deficit)	-	(455,907)	-	(455,907)
Leasehold land and buildings	-	-	1,700,000	1,700,000
<b>Total</b>	<b>14,589</b>	<b>(455,907)</b>	<b>1,700,000</b>	<b>1,258,682</b>

The above net assets include £14,589 that were transferred as cash.

The Academy has been given the indefinite right to use the land and buildings by way of a Church Supplemental Agreement with the The Worcester Diocesan Board of Finance Limited. The Worcester Diocesan Board of Finance Limited may give not less than two years written notice to the Academy Trust and the Secretary of State to terminate this supplemental agreement.

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**Madresfield CofE Primary School**

On 1 May 2017 Madresfield CofE 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 Worcestershire County 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 £
Budget surplus/(deficit) on LA funds	77,053	-	-	77,053
LGPS pension surplus/(deficit)	-	(87,674)	-	(87,674)
Leasehold land and buildings	-	-	1,100,000	1,100,000
<b>Total</b>	<b>77,053</b>	<b>(87,674)</b>	<b>1,100,000</b>	<b>1,089,379</b>

The above net assets include £77,053 that were transferred as cash.

The Academy has been given the indefinite right to use the land and buildings by way of a Church Supplemental Agreement with the The Worcester Diocesan Board of Finance Limited. The Worcester Diocesan Board of Finance Limited may give not less than two years written notice to the Academy Trust and the Secretary of State to terminate this supplemental agreement.

**21. 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.

As described in note 20 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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 £85,478 were payable to the schemes at 31 August 2017 and are included within creditors.

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**21. Pension commitments (continued)**

**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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £90,353.

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](http://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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

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**21. Pension commitments (continued)**

**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 2017 was £123,000, of which employer's contributions totalled £90,000. and employees' contributions totalled £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:

2017/18	£51,400
2018/19	£53,200
2019/20	£55,300

Principal actuarial assumptions:

	<b>2017</b>
Discount rate for scheme liabilities	<b>2.40 %</b>
Rate of increase in salaries	<b>3.70 %</b>
Rate of increase for pensions in payment / inflation	<b>2.20 %</b>
Inflation assumption (CPI)	<b>2.20 %</b>

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

	<b>2017</b>
Retiring today	
Males	<b>22.6</b>
Females	<b>25.6</b>
Retiring in 20 years	
Males	<b>24.8</b>
Females	<b>27.9</b>

	<b>At 31 August</b>
	<b>2017</b>
	<b>£</b>
<b>Sensitivity analysis</b>	
Discount rate +0.1%	<b>3,219,000</b>
Discount rate -0.1%	<b>4,045,000</b>
Mortality assumption - 1 year increase	<b>3,358,000</b>
Mortality assumption - 1 year decrease	<b>3,906,000</b>
CPI rate +0.1%	<b>3,372,000</b>
CPI rate -0.1%	<b>3,892,000</b>

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**21. Pension commitments (continued)**

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:

	<b>Fair value at 31 August 2017 £</b>
Equities	290,000
Other bonds	18,000
Property	13,000
Cash and other liquid assets	4,000
Other	12,000
	337,000
	337,000

The actual return on scheme assets was £11,000.

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

	<b>2017 £</b>
Current service cost	193,000
Net interest on the defined liability	33,000
Administration expense	2,000
	228,000
	228,000

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

	<b>2017 £</b>
Upon conversion	3,176,000
Current service cost	193,000
Interest cost	36,000
Employee contributions	33,000
Actuarial gains	149,000
Benefits paid	45,000
	3,632,000
Closing defined benefit obligation	3,632,000

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**21. Pension commitments (continued)**

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

	2017 £
Upon conversion	160,000
Interest income	3,000
Actuarial losses	8,000
Employer contributions	90,000
Employee contributions	33,000
Benefits paid	45,000
Administration expenses	(2,000)
	<hr/>
Closing fair value of scheme assets	337,000
	<hr/> <hr/>

**22. Operating lease commitments**

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £
<b>AMOUNTS PAYABLE:</b>	
Within 1 year	39,116
Between 1 and 5 years	33,109
	<hr/>
Total	72,225
	<hr/> <hr/>

**23. 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.

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**24. Related party transactions**

Owing to the nature of the Academy Trust's operations 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 the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

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 £200,000 from the Diocese of Worcester. At 31 August 2017 amounts due from The Diocese of Worcester totalled £7,934.

**25. Post balance sheet events**

On the 1 November 2017, Netherton CE Primary joined the multi academy trust.