
THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Directors' report	3 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of Directors' responsibilities	17
Independent auditors' report on the financial statements	18 - 20
Independent reporting accountant's assurance report on regularity	21 - 22
Statement of financial activities incorporating income and expenditure account	23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements	26 - 46

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2018**

Members

Diane Cooksey (appointed 11 May 2017)
Kenneth Dallow (appointed 11 May 2017)
Victoria Lee (appointed 11 May 2017)
Marcus Rea (appointed 11 May 2017)
Matthew Bunn (appointed 13 November 2017)

Directors

Katherine Bailey (appointed 11 May 2017)
Fiona Gee (appointed 11 May 2017, resigned 11 December 2018)
Mark Hayward (appointed 11 May 2017)
Philip Jackson, Executive Officer (appointed 11 May 2017)
Victoria Lee (appointed 11 May 2017)
Judy Price (appointed 11 May 2017)
Marcus Rea, Chairman (appointed 11 May 2017)
Clare Regan (appointed 11 May 2017)
Stephen Salisbury (appointed 11 May 2017)
John Tilley (appointed 11 May 2017)
Nancy Westwood (appointed 11 May 2017)

Company registered number

10765135

Company name

The Villages' Multi-Academy Trust

Principal and registered office

Ankerage Green
Worcester
Worcestershire
WR4 0DZ

Company secretary

Kay Kavanagh (appointed 1 September 2017, resigned 8 April 2018)

Chief executive officer

Philip Jackson

Senior management team

Philip Jackson, Principal, Lyppard Grange Primary School
Rebecca Thorp, Deputy Principal, Lyppard Grange Primary School
Rachel Higgins, Principal, Nunnery Wood Primary School
Richard Bridgewater, Deputy Principal, Nunnery Wood Primary School

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditors

Randall & Payne LLP
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Bankers

Lloyds
4 The Cross
Worcester
Worcestershire
WR1 3PY

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1st September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

This is the trustees' first annual report as the company was incorporated in May 2017. The Lyppard Grange Primary School converted and opened as an academy on 1st September 2017 with Nunnery Wood Primary School joining the Trust as an academy on 1st July 2018.

Both academy schools are within the city of Worcester, serving diverse communities. At the January 2018 census, there were a total of 795 pupils aged 4 years to 11 years on roll. Both schools were at full capacity at the census.

Structure, governance and management

CONSTITUTION

The academy trust is a company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of The Villages' Multi-Academy Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

MEMBERS LIABILITY

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

TRUSTEES INDEMNITIES

The Trust provides indemnity insurance to cover the liability of Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Trust.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The members are entitled to appoint 11 Trustees. Trustees are selected according to the expertise and skills required by the Trust. The Executive Officer is a Trustee and is currently Head Teacher at one the academies within the Trust.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Training and induction for Trustees will depend on their prior experience and/or knowledge. Most induction is carried out 'in-house' but external trainers may be brought in and Trustees may attend external training provision where this is appropriate.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

ORGANISATIONAL STRUCTURE

The full board of the Trust meets six times per year. There are four main committees of the Board which meet at least four times per year: Business; Audit and Risk; Performance, Pay and Personnel; and School Improvement. These committees provide for detailed discussions and policy development. The scope and remit of each committee is set out in the Trust's Scheme of Delegation.

Although interim decisions are made within these committees, with full ratification being required by the full board, each committee has delegated decision-making powers. Governance of each academy is delegated to Local Governing Bodies. It is for each Local Governing Body to determine the most effective governance structure for their academy. The day to day operation of each academy is delegated to the Senior Leadership Team who report back to their Local Governing Body as appropriate. The day to day operation of the Trust is delegated to the Chief Executive Officer, who reports directly to Trustees.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Trust Board has set a Pay Policy for school within the Trust. This includes information relating to the setting pay and remuneration for the Senior Leaders within both schools as well as the Chief Executive Officer. No other directors are remunerated for their work as Trustees. The Pay Policy is closely linked to the Trust's Performance Management (Teachers) policy and Non-Teaching Staff Appraisal Policy. Pay progression for teachers, including senior leaders is directly linked to performance and pupil outcomes. Performance and associated pay progression for the Chief Executive Officer and Head Teachers is completed by a committee of Trustees (with input from Local Governing Bodies). The performance management and pay progression of deputy head teachers is delegated to the Local Governing Bodies.

TRADE UNION FACILITY TIME

As the trust contracts into trade union facility time through Worcestershire County Council's arrangement with local trade union officials, no employees of the Trust acted as trade union officials during the period. The total cost of trade union facility time during the period was £709.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Trust had three related party relationships. One of the Trust's directors operates an educational consultancy business. Services provided to schools within the Trust are provided at cost.

Spouses of two of the Trusts' directors are employed by the Trust. They were employed prior to conversion as an Academy and are remunerated in accordance with the normal pay scales for their roles.

These relationships are acknowledged in the Trustees declarations of interest forms annually. Any financial transactions are disclosed in the notes to the accounts.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

Objectives and Activities

OBJECTS AND AIMS

The principal activity of the Charitable Company is the operation of two academies, The Lyppard Grange Primary School and Nunnery Wood Primary School, to provide education for pupils aged four years to eleven years.

The Villages' Trust has a central over-riding aspiration: to provide children with the very best possible start by 'empowering children to be secure, engaged and equipped for life.'

OBJECTIVES, STRATEGIES AND ACTIVITIES

In empowering children to be secure, the Trust seeks to ensure they are:

- Self-aware; knowing their own strengths and weaknesses
- Self-disciplined and hard working
- Content in themselves with high self-esteem and a good sense of self-worth
- Confident in their own abilities
- Able to recognise right and wrong, with a sound moral compass
- Fit, healthy and active

In empowering children to be engaged, the trust seeks to ensure they:

- Have a sense of responsibility
- Show awareness of their community – locally, nationally & globally
- Are a participator in those communities
- Have awareness of and empathy with others
- Are willing and able to learn
- Develop strong social skills

In empowering children to be equipped for life, we seek to ensure they are:

- Numerate & Literate
- Ready for the changing technological world
- Positive in their outlook
- Prepared to broaden their horizons
- Committed, tenacious and resilient
- Adaptable, independent and good team players
- Effective communicators
- Polite, respectful and courteous

Implicit in the vision of The Villages Trust are core principles which govern the way each school operates and underpins decision making against which each school's performance and outcomes are measured:

- The needs of children are the highest priority – excellent outcomes for children are the raison d'être of our schools
- Each school is best placed to make the right decisions for the children in that school
- Effective collaboration between schools can have a significantly positive impact and contribute to raising standards
- Honest, open and transparent relationships between all stakeholders in schools – Members, Trustees, Governors, senior leaders, staff, children and parents – underpin effective collaboration. Positive, active partnerships are fundamental to sustained success

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

ACTIVITIES FOR ACHIEVING OBJECTIVES

During the period Trustees have focused on establishing the Charitable Company, the conversion of The Lyppard Grange Primary School into an academy, and subsequently, in the latter part of the period, the conversion of Nunnery Wood Primary School into an academy within the Trust.

The Trust has managed the conversion of these two schools at a responsible pace, to ensure that growth contributes to the overall aims and objectives of the Trust.

Considerable work has gone into forming the necessary strategic and operational framework within which the two academies within the Trust function. This has included determining the business elements of the company, using the skills and expertise the Trustees have in human resources, finance, business development and the law.

Similarly, Trustees together with the Governors and senior leaders of the academies have developed a framework for enhancing the quality of teaching and learning within both schools. This has included work to enhance the sharing of best practice in teaching and learning, further sharpening the focus on pupil outcomes. This is underpinned by the continual development of curriculum activities which offer every child a broad and balanced curriculum, with a range of experiences across humanities, arts and sport as well as within the core areas of English, Mathematics, Science and Computing. Each school is able to determine its own curriculum content and organisation that is relevant, meaningful and engaging for the pupils of each school. In addition, both academies seek to provide broader and more dynamic enrichment opportunities for pupils. The Trust is committed to actively promoting inclusion and all staff share a belief that all children can and should make progress whatever their starting points.

The Trust continues to invest in its staff, seeking to recruit the best teaching and support staff, providing high-quality staff development; and establishing effective succession planning to secure excellent outcomes for pupils going forward.

Both academies within the Trust are also committed to promoting the safety and welfare of all pupils within the Trust. The Trust has established robust and rigorous safeguarding and child protection policies and procedures and works closely with other agencies to effectively and pro-actively support children and their families.

PUBLIC BENEFIT

In setting our objectives the Trustees have given careful consideration to the Charity Commission's guidance on public benefit. The primary purpose of the Trust is the advancement of effective education of pupils attending the two academies.

Both academies have the aspiration of providing the very best education to all pupils regardless of family background and circumstances, aiming to ensure all fulfil their potential and are fully ready for the next stage of their education.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

Achievements and performance

Strategic report

KEY PERFORMANCE INDICATORS

The Trust uses the attainment, progress, attendance and behaviour of pupils in each academy as KPI's for the delivery of its primary objective. The tables below set out the performance of each academy in a range of areas.

The Lyppard Grange Primary School

Key Stage 2	Reading			Writing			Grammar, Punctuation & Sp.			Maths		
	% Exp.	% High	Av.SS	% Exp.	% High	Av.SS	% Exp.	% High	Av.SS	% Exp.	% High	Av.SS
School	73	33	105.2	82	31	N/A	73.3	36	105.8	87	40	106.9
National	75	28	105	78	20		78	34	106.1	76	23	104.3
Progress Score (CI)	-3.13 (CI -4.9 to -1.3)			-2.36 (CI -4.1 to -0.7)						-0.77 (CI -2.4 to 0.8)		

Key Stage 1	Reading		Writing		Maths		Science
	% Exp. Standard and above	% GDS	% Exp. Standard and above	% GDS	% Exp. Standard and above	% GDS	% Exp. Standard and above
School	81.4	22	81.4	15.3	83.1	25	85
National	75.5	25.7	69.9	15.9	76.1	20	

Phonics	% of pupils meeting the threshold		
Year 1	95		Year 2 100%
National	83		National N/A

EYFS	% children achieving a GLD
School	82
National	72

Attendance

Attendance for the period was 96.7%

Behaviour

Behaviour at the school is judged to be very good. There were no permanent exclusions. The percentage of fixed term exclusions was 0.53% compared with 1.37% nationally.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

Nunnery Wood Primary School

Key Stage 2	Reading			Writing			Grammar, Punctuation & Sp.			Maths		
	% Exp.	% High	Av.SS	% Exp.	% High	Av.SS	% Exp.	% High	Av.SS	% Exp.	% High	Av.SS
School	80	18	104.1	89	27					84	22	105.3
National	75	28	105	78	20					76	24	104.4
Progress Score (CI)	-0.98 (CI -2.8 to 0.8)			1.26 (CI -0.4 to 3.0)						0.74 (CI -0.9 to 2.3)		

Key Stage 1	Reading		Writing		Maths		Science
	% Exp. Standard and above	% GDS	% Exp. Standard and above	% GDS	% Exp. Standard and above	% GDS	% Exp. Standard and above
School	68	20	69	14	73	20	85
National	75	26	70	16	76	22	

Phonics	% of pupils meeting the threshold		
Year 1	73		Year 2 71
National	83		National N/A

EYFS	% children achieving a GLD
School	82
National	72

Attendance

Attendance for the period was 95.4%

Behaviour and Exclusions

Behaviour at the school judged to be very good. There were no permanent exclusions. The percentage of fixed term exclusions was 0.009% compared with 1.37% nationally.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

GOING CONCERN

The Board of Trustees has a reasonable expectation that the multi-academy trust has adequate resources to continue its 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 accounting policies notes to the financial statements.

FINANCIAL REVIEW

The accounting period runs from 1 September 2017 to 31 August 2018. The majority of the academies' income is obtained from the ESFA in the form of recurrent grants and the use of which is restricted to particular purposes. The grants received from the ESFA during the period and the associated expenditure is shown as restricted funds in the statement of financial activities. All expenditure supports the activities of both academies within the multi-academy trust and is monitored carefully by both the local governing bodies and the Trust Board, specifically through its Business Committee.

The Trust will continue to monitor the financial performance of the academies within the multi-academy trust. Trustees believe that in the medium to long term, further economies can be found through collaborative planning and purchasing arrangements particularly for the provision of core services such as HR provision, payroll and other financial services.

The in-year surplus for 2017/18 was £205,690, which forms the unrestricted reserves at the year end. The closing LGPS pension deficit was £1,820,000 and the restricted fixed asset reserve was £9,795,153.

RESERVES POLICY

The policy of the Trustees is to maintain a level of reserves that will be adequate to provide a stable basis for the continued operation of the Trust and the academies within it, whilst ensuring that excessive funds are not accumulated. Notionally this equates to reserves of at least one month's average salary costs.

INVESTMENTS POLICY

It is the Trustees' belief that it should be anticipated that the Trust will have surplus cash available, both as a result of cash flow planning and also the implementation of a reserves policy that maintains a suitable amount of reserves. Such surplus cash should be invested to ensure that the Trust receives an acceptable income stream without putting at risk the funds that belong to the Trust.

Trustees believe that risk-free bank deposit accounts are the most appropriate place to invest surplus cash flow at the current time. Advice should be taken from the Trust's bankers and funds invested as follows:

- Working capital to be invested in a Lloyds bank current account or equivalent. A balance of at least 1 month's salary costs should be maintained. It is recognised that a small amount of interest is payable on this balance but that Lloyds also offer academies free banking which results in this lower interest rate.
- Surplus cash should be invested in a mixture of 30 days', 90 days' and 12 months' notice accounts with Lloyds bank or a similar banking provider to earn higher interest rates than on the current account but to stagger easy access to funds over the year to meet cash flow requirements. Investment in any single institution will be limited to the value of the indemnity provided by the Financial Authority overseeing that institution.
- Any interest earned should be paid into the MAT central budget to benefit all schools within our Trust proportionally to their contribution.

Balances invested should be reported to Trustees on a termly basis.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

Trustees do not intend to invest reserves in stocks and shares or other volatile investments as they do not feel these represent an acceptable level of risk to the Trust. Should directors consider investing funds in anything other than risk-free bank deposit accounts they must seek appropriate professional financial advice.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees maintain an extensive and up to date risk register. The principal risks are related to future funding developments, not least because of a shifting political and economic landscape. Trustees continue to maintain a watchful eye on individual academy performance in terms of pupil outcomes together with future funding indicators, forecast pupil numbers and the costs of building maintenance and improvement.

Trustees are acutely aware that poor outcomes for pupils could lead to a decline in pupil numbers and this would have an adverse impact on future funding. The Trust's School Improvement committee, local governing bodies and senior leaders are clearly focused on securing good outcomes for all pupils.

Fundraising

Both academies participate in what can be regarded as low-level fundraising, attracting funds largely from its parent body through traditional school fundraising activities, ranging from fireworks events to summer fayres and bingo nights. Occasional sponsorship for sports kit has been secured but beyond this there are no formal commercial fundraising relationships.

Neither academy has received any complaints in relation to fundraising activity. None of the fundraising ventures that either academy has participated in could be seen to intrude or place undue pressure on vulnerable people.

Plans for future periods

The Trustees' plans for the future fall in to two main branches: continuing to strengthen the collaboration on teaching and learning between the two existing academies within the Trust, in the belief that school-to-school support leads to improved outcomes for pupils; and looking for opportunities to grow the number of academies within the Trust to further bolster expertise and capacity to improve.

Furthermore, Trustees continue to work with the local governing bodies and senior leaders to ensure that the Trust provides an effective structure and framework to enable the academies to flourish in their work with children across the Trust.

FUNDS HELD AS CUSTODIAN

No funds are held by the Trust as custodian trustees on behalf of others.

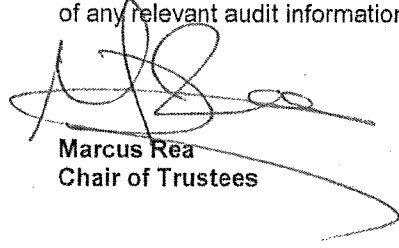
THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

AUDITORS

The auditors, Randall & Payne LLP, have indicated their willingness to continue in office. The Designated Directors will propose a motion re-appointing the auditors at a meeting of the Directors.

Insofar as the Trustees are aware there is no relevant audit information of which the charitable company's auditor is unaware. The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



Marcus Rea
Chair of Trustees

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As directors, we acknowledge we have overall responsibility for ensuring that The Villages' 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 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 Villages' 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 Directors' report and in the Statement of Directors' responsibilities. The Board of Trustees has formally met 8 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Director	Meetings attended	Out of a possible
Katherine Bailey	8	8
Fiona Gee	7	8
Mark Hayward	5	8
Philip Jackson, Executive Officer	8	8
Victoria Lee	7	8
Judy Price	7	8
Marcus Rea, Chairman	8	8
Clare Regan	7	8
Stephen Salisbury	8	8
John Tilley	6	8
Nancy Westwood	6	8

The composition of the Board of Trustees remained constant throughout the period.

During the period, the first of the Trust's existence, Trustees focused much of their attention on establishing the necessary strategic and operational framework to bring the Trust's vision for the education of all pupils within the Trust to fruition. This required a significant proportion of time to be spent agreeing the appropriate policy framework within which the schools in the Trust operate whilst ensuring compliance with all aspects of the master and supplementary funding agreements.

Given this is the Trust's first year of operation, it is not surprising that there have been occasional challenges. Directors, local governors and the senior leadership teams of both schools have had to adapt to the changed expectations that arise from moving from the maintained sector to the academy sector. These include, but are not limited to, changed reporting structures and requirements, levels of responsibility and authority and lines of communication. Over the course of the year, all concerned have gradually assimilated to this new operational environment, and are increasingly well placed to manage these demands going forward.

Further challenge arose for the Trust as a result of staff churn around the role of the Trust Business Manager. The lack of continuity and consistency arising from this has been a source of frustration for the Trust. However, at the time of reporting, a substantive appointment has been made and Trustees are confident that this matter is now resolved.

THE VILLAGES' MULTI-ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

Throughout the Trustees have maintained scrutiny over the Trust's business functions as well as outcomes for pupils. External and independent validation of the Trust's operations, activities and outcomes, both business and educational, has been secured from auditors and education consultants. The Board views the information received from these sources to be reliable and trustworthy.

The Business Committee is a sub-committee of the main Board of Trustees. Its purpose is to provide scrutiny and oversight of the Trust's financial position, with lead responsibility for considering funding, budgeting and expenditure. The committee also sets the Trust's financial procedures as well as having responsibility for the Trust's estate and asset management. There are five directors on the Business Committee and the composition of the committee did not alter during the reporting period. The committee met on six occasions during the period.

Attendance at meetings in the period was as follows:

Director	Meetings attended	Out of a possible
Mark Hayward	4	6
Philip Jackson	6	6
Marcus Rea	6	6
Clare Regan	6	6
Nancy Westwood	5	6

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Officer has responsibility for ensuring that the academy 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's use of their 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 has delivered improved value for money during the year by:

- keeping the staffing structure under review and deploying staff efficiently to support the curriculum and reflecting our intake
- aligning expenditure to student outcomes
- focussing resources on students eligible for pupil premium funding including: access to a full and balanced range of qualifications and the necessary support and intervention to achieve best possible outcomes
- continuing to engage with other academies and maintained schools to share good practice
- having a strong Governing Body with relevant skill sets who are able to both support and challenge
- ensuring services and contracts are appraised and renegotiated to ensure they are fit for purpose
- benchmarking costs against similar organisations to identify areas for making savings
- ensuring we have robust internal controls to monitor all financial processes
- having suitably qualified and experienced staff working within the financial sector of the Schools
- seeking advice and support from other professionals to ensure regulations with the Academies Financial Handbook are adhered to and outcomes for our students maximised

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 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 Villages' Multi-Academy Trust for the period 11 May 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the academy 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's significant risks, that has been in place for the period 11 May 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The academy'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 Board 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 Directors have appointed Randall & Payne LLP, the external auditors, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

On an annual basis, the external auditors report to the Board of Trustees through the Business 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 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:

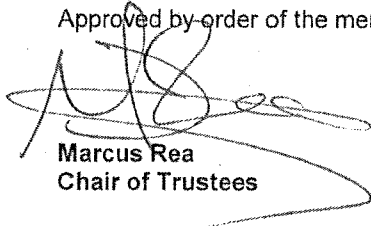
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

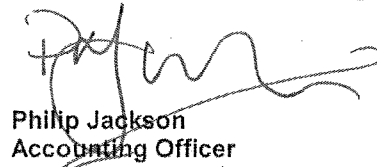
GOVERNANCE STATEMENT (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control 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 1 March 2019 and signed on their behalf, by:



Marcus Rea
Chair of Trustees



Philip Jackson
Accounting Officer

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

I confirm that 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.


Philip Jackson
Accounting Officer

Date: 1 March 2019

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2018**

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

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

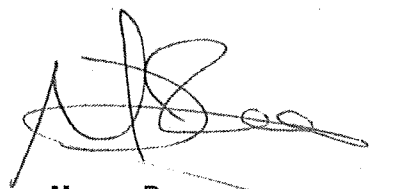
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 1 March 2019 and signed on its behalf by:



Marcus Rea
Chair of Trustees

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
VILLAGES' MULTI-ACADEMY TRUST**

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
VILLAGES' MULTI-ACADEMY TRUST**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the academy 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 Directors 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 Directors are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
VILLAGES' MULTI-ACADEMY TRUST**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the academy'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's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.


Russel Byrd FCA FCCA

Randall & Payne LLP

Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date:

1st March 2019

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 22nd May 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Villages' Multi-Academy Trust during the period 11 May 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Villages' 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 Villages' 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 Villages' Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE VILLAGES' MULTI-ACADEMY TRUST'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 11 May 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

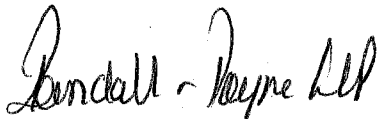
THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 11 May 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The financial statements and the AAR have not been submitted by the deadlines specific by the ESFA, and as such this is in breach of the funding agreement and Academies Financial Handbook.



Randall & Payne LLP

Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date: 1st March 2019.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
INCOME FROM:					
Donations and capital grants	2	217,509	(1,834,000)	9,855,296	8,238,805
Charitable activities	3	-	1,918,680	-	1,918,680
Investments	4	98	-	-	98
TOTAL INCOME		217,607	84,680	9,855,296	10,157,583
EXPENDITURE ON:					
Charitable activities		-	1,990,597	60,143	2,050,740
TOTAL EXPENDITURE	5	-	1,990,597	60,143	2,050,740
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	16	217,607 (11,917)	(1,905,917) 11,917	9,795,153 -	8,106,843 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
		205,690	(1,894,000)	9,795,153	8,106,843
Actuarial gains on defined benefit pension schemes	21	-	74,000	-	74,000
NET MOVEMENT IN FUNDS		205,690	(1,820,000)	9,795,153	8,180,843
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		205,690	(1,820,000)	9,795,153	8,180,843

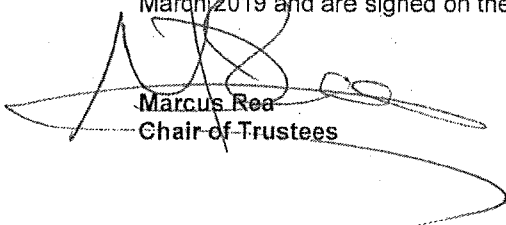
All of the academy's activities derive from acquisitions in the current financial period.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10765135

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £
FIXED ASSETS			
Tangible assets	13		9,786,912
CURRENT ASSETS			
Debtors	14	258,408	
Cash at bank and in hand		209,456	
		<u>467,864</u>	
CREDITORS: amounts falling due within one year	15	<u>(253,933)</u>	
NET CURRENT ASSETS			<u>213,931</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,000,843</u>
Defined benefit pension scheme liability	21		<u>(1,820,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>8,180,843</u></u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds excluding pension liability		9,795,153	
Pension reserve		<u>(1,820,000)</u>	
Total restricted income funds			<u>7,975,153</u>
Unrestricted income funds	16		<u>205,690</u>
TOTAL FUNDS			<u><u>8,180,843</u></u>

The financial statements on pages 23 to 46 were approved by the Directors, and authorised for issue, on 1 March 2019 and are signed on their behalf, by:


Marcus Rea
Chair of Trustees

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2018

	Note	2018 £
Cash flows from operating activities		
Net cash used in operating activities	18	(16,117)
Cash flows from investing activities:		
Dividends, interest and rents from investments		98
Capital grants from DfE Group		8,241
Cash received on conversion		217,234
Net cash provided by investing activities		225,573
Change in cash and cash equivalents in the period		209,456
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	19	209,456

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

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Villages' Multi-Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Directors 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 to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy 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 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.

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.

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 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 land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	- 50 years
Office equipment	- 20% straight line
Computer equipment	- 33% 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.

1.6 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.

1.7 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.

1.8 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

The academy 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 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.

1.11 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 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 an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (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.

1.12 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 Worcestershire County Council 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.

1.13 Fund accounting

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

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

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

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Transfer from local authority on conversion	217,234	(1,834,000)	9,847,055	8,230,289
Capital grants	-	-	8,241	8,241
Donations	275	-	-	275
	<u>217,509</u>	<u>(1,834,000)</u>	<u>9,855,296</u>	<u>8,238,805</u>

Transfers from local authority on conversion

The academies converted with assets comprising:

	Lyppard Grange £	Nunnery Wood £
Fixed assets	2,686,711	7,160,344
Budget surplus on LA funds	108,089	109,144
Total	<u>2,794,800</u>	<u>7,269,488</u>

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

The total of defined benefit pension scheme deficits inherited was £1,834,000.

The net assets therefore transferred on conversion was £8,230,288.

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant	-	1,513,588	1,513,588
Rates Reclaim	-	8,451	8,451
Pupil Premium	-	94,685	94,685
Pupil Number Adjustment	-	40,009	40,009
Universal Infant Free School Meals	-	64,140	64,140
Start Up Grants	-	50,000	50,000
Local Authority - Special Needs	-	14,258	14,258
Other Local Authority Revenue Grants	-	7,431	7,431
Other Government Revenue	-	22,170	22,170
Other Income	-	103,948	103,948
	<u>-</u>	<u>1,918,680</u>	<u>1,918,680</u>

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Investment income - local cash	<u>98</u>	<u>-</u>	<u>98</u>

5. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £
Activities:				
Direct costs	1,403,729	-	122,013	1,525,742
Support costs	212,684	11,145	301,169	524,998
	<u>1,616,413</u>	<u>11,145</u>	<u>423,182</u>	<u>2,050,740</u>

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £
Direct costs - Educational Activities	1,525,742	524,998	2,050,740

Analysis of direct costs

	Educational Activities £	Total 2018 £
LGPS actuarial pension costs	27,000	27,000
Subscriptions and Licences	11,574	11,574
Educational Supplies	16,376	16,376
Educational Consultancy	17,584	17,584
Technology Costs	6,509	6,509
Trip Costs	39,343	39,343
Office Costs	578	578
Operating Lease Rentals	3,049	3,049
Wages and salaries	1,102,436	1,102,436
National insurance	81,818	81,818
Pension cost	219,475	219,475
	<u>1,525,742</u>	<u>1,525,742</u>

Analysis of support costs

	Educational Activities £	Total 2018 £
Staff costs	212,684	212,684
Depreciation	60,143	60,143
Subscriptions and Licences	5,114	5,114
Other Staff Costs	14,453	14,453
Insurance	8,796	8,796
Technology Costs	33,740	33,740
Maintenance of Premises	21,110	21,110
Office Costs	5,682	5,682
Cleaning and Caretaking	3,096	3,096
Rates	12,914	12,914
Energy	18,064	18,064
Security	525	525
Catering	71,978	71,978
Legal & Professional	56,699	56,699
	<u>524,998</u>	<u>524,998</u>

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018
	£
Depreciation of tangible fixed assets:	
- owned by the charity	60,143
Auditors' remuneration - audit	8,250
Auditors' remuneration - other services	3,250
	<hr/> <hr/>

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £
Wages and salaries	1,104,704
Social security costs	88,525
Operating costs of defined benefit pension schemes	396,305
	<hr/>
Agency staff costs	1,589,534
	26,879
	<hr/> <hr/>
	1,616,413

b. Staff numbers

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

	2018 No.
Teachers	35
Education Support (TAs, LTS)	35
Administration (Admin, Prem)	6
Management	2
	<hr/>
	78

c. Higher paid staff

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

	2018 No.
In the band £60,001 - £70,000	2
In the band £70,001 - £80,000	1
In the band £80,001 - £90,000	1

Pension contributions for the above staff totalled £40,227.

d. Key management personnel

Total remuneration earned by key management personnel in the year (including employer's pension contributions) was £324,098.

9. CENTRAL SERVICES

No central services were provided by the trust to its academies during the period and no central charges arose.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

10. DIRECTORS' REMUNERATION AND EXPENSES

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

		2018 £
Philip Jackson, Head Teacher / CEO	Remuneration	70,000-75,000
	Pension contributions paid	10,000-15,000

During the period ended 31 August 2018, no Directors received any reimbursement of expenses.

11. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2018 was £500.

12. OTHER FINANCE INCOME

	2018 £
Interest income on pension scheme assets	7,000
Interest on pension scheme liabilities	(34,000)
	<hr/> (27,000) <hr/>

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

13. TANGIBLE FIXED ASSETS

	Leasehold property £
Cost	
At 11 May 2017	-
Additions	9,847,055
At 31 August 2018	<u>9,847,055</u>
Depreciation	
At 11 May 2017	-
Charge for the period	60,143
At 31 August 2018	<u>60,143</u>
Net book value	
At 31 August 2018	<u><u>9,786,912</u></u>

Included in land and buildings is leasehold land at valuation of £1,242,498 which is not depreciated.

The leasehold property is granted on a 125 year lease for nil rental with the Local Authority. In accordance with the SORP, the assets have been recognised in the Academy Trust's accounts, representing the 'right to use' the property.

14. DEBTORS

	2018 £
Other debtors	228,518
Prepayments and accrued income	29,890
	<u>258,408</u>

15. CREDITORS: Amounts falling due within one year

	2018 £
Trade creditors	2,507
Other creditors	141,276
Accruals and deferred income	110,150
	<u>253,933</u>

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

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

	£
Deferred income	
Resources deferred during the year	102,730
Deferred income at 31 August 2018	102,730

Deferred income includes UIFSM, Pupil Premium, HN top-up funding and trips occurring in 2018/19 where funds have been received in 2017/18.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS

	Balance at 11 May 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Transferred from LA	-	217,234	-	(11,917)	-	205,317
Other unrestricted income	-	373	-	-	-	373
	-	217,607	-	(11,917)	-	205,690
Restricted funds						
General Annual Grant (GAG)	-	1,553,597	(1,565,514)	11,917	-	-
Rates Reclaim	-	8,451	(8,451)	-	-	-
Pupil Premium	-	94,685	(94,685)	-	-	-
Universal Infant Free School Meals	-	64,140	(64,140)	-	-	-
Start Up Grants	-	50,000	(50,000)	-	-	-
Other Local Authority Grants	-	21,689	(21,689)	-	-	-
Other Government Income	-	22,170	(22,170)	-	-	-
Other Income	-	103,948	(103,948)	-	-	-
Pension reserve	-	(1,834,000)	(60,000)	-	74,000	(1,820,000)
	-	84,680	(1,990,597)	11,917	74,000	(1,820,000)
Restricted fixed asset funds						
Assets transferred on conversion	-	9,847,055	(60,143)	-	-	9,786,912
Capital grants	-	8,241	-	-	-	8,241
	-	9,855,296	(60,143)	-	-	9,795,153
Total restricted funds	-	9,939,976	(2,050,740)	11,917	74,000	7,975,153
Total of funds	-	10,157,583	(2,050,740)	-	74,000	8,180,843

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

The restricted general fund includes grants receivable from the ESFA, LA and other government grants towards operating activities of the Academy administered by the charitable company.

The restricted fixed asset fund includes amounts receivable from the ESFA and other contributors in respect of tangible fixed assets held for Academy use.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS (continued)

Pension reserve - This fund relates solely to the Local Government Pension Scheme pension reserve.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £
Lyppard Grange Primary School	56,203
Nunnery Wood Primary School	149,487
Total before fixed asset fund and pension reserve	205,690
Restricted fixed asset fund	9,795,153
Pension reserve	(1,820,000)
Total	8,180,843

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £
Lyppard Grange Primary School	1,159,575	161,842	15,946	336,564	1,673,927
Nunnery Wood Primary School	206,003	17,843	-	32,395	256,241
	1,365,578	179,685	15,946	368,959	1,930,168

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	9,786,912	9,786,912
Current assets	205,690	253,934	8,241	467,865
Creditors due within one year	-	(253,934)	-	(253,934)
Provisions for liabilities and charges	-	(1,820,000)	-	(1,820,000)
	<u>205,690</u>	<u>(1,820,000)</u>	<u>9,795,153</u>	<u>8,180,843</u>

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £
Net income for the year (as per Statement of Financial Activities)	8,106,843
Adjustment for:	
Depreciation charges	60,143
Dividends, interest and rents from investments	(98)
Increase in debtors	(258,408)
Increase in creditors	253,933
Capital grants from DfE and other capital income	(8,241)
Defined benefit pension scheme obligation inherited	1,834,000
Defined benefit pension scheme cost less contributions payable	31,000
Defined benefit pension scheme finance cost	29,000
Net gain on assets and liabilities from local authority on conversion	(10,064,289)
Net cash used in operating activities	<u>(16,117)</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £
Cash in hand	209,456
Total	<u>209,456</u>

20. CONVERSION TO AN ACADEMY TRUST

On 1 September 2017 Lyppard Grange Primary School and on 1 July 2018 Nunnery Wood Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Villages' 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

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

20. CONVERSION TO AN ACADEMY TRUST (continued)

transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	9,847,055	9,847,055
Budget surplus/(deficit) on LA funds	217,234	-	-	217,234
LGPS pension surplus/(deficit)	-	(1,834,000)	-	(1,834,000)
Net assets/(liabilities)	217,234	(1,834,000)	9,847,055	8,230,289

The above net assets include £217,234 that were transferred as cash.

21. PENSION COMMITMENTS

The academy'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. 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 year. 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

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

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £127,000.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2018 was £144,000., of which employer's contributions totalled £119,000. and employees' contributions totalled £25,000.. The agreed contribution rates for future years are 25% for employers and 5.5% to 8.5% 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 VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2018
Discount rate for scheme liabilities	2.80 %
Rate of increase in salaries	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %
Inflation assumption (CPI)	2.10 %

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

	2018
Retiring today	
Males	22.7
Females	25.7
Retiring in 20 years	
Males	24.9
Females	28.0

	At 31 August 2018 £
Sensitivity analysis	
Discount rate +0.1%	44,000
Mortality assumption - 1 year increase	(38,000)
CPI rate +0.1%	(44,000)

The above sensitivity analysis shows the effect on scheme liabilities depending upon the event.

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2018 £
Equities	287,000
Gilts	30,000
Corporate bonds	17,000
Property	17,000
Cash and other liquid assets	8,000
Other	13,000
Total market value of assets	372,000

The actual return on scheme assets was £18,000.

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

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

	2018 £
Current service cost	(150,000)
Interest income	7,000
Interest cost	(34,000)
	<hr/>
Total	(177,000)
	<hr/>

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

	2018 £
Upon conversion	2,013,000
Current service cost	150,000
Interest cost	34,000
Employee contributions	25,000
Actuarial gains	(63,000)
Benefits paid	33,000
	<hr/>
Closing defined benefit obligation	2,192,000
	<hr/>

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

	2018 £
Upon conversion	179,000
Interest income	7,000
Actuarial losses	11,000
Employer contributions	119,000
Employee contributions	25,000
Benefits paid	33,000
Administration expenses	(2,000)
	<hr/>
Closing fair value of scheme assets	372,000
	<hr/>

THE VILLAGES' MULTI-ACADEMY TRUST
(A company limited by guarantee)

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

22. OPERATING LEASE COMMITMENTS

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

	2018 £
Amounts payable:	
Within 1 year	6,006
Between 1 and 5 years	20,141
Total	<u>26,147</u>

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.

24. RELATED PARTY TRANSACTIONS

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

The spouse of P Jackson, trustee, and the spouse of M Rea, a trustee, are employed by the academy trust as teachers. The appointments were made prior to conversion from LA to an Academy in open competition and the related trustee was not involved in the decision making process regarding appointment. Remuneration is paid within the normal pay scale for their roles and receive no special treatment as a result of their relationship to a trustee.

Schools Made Simple Limited is related through having a shared Director, J Tilley. Transactions between the Trust and the company total £600 and were at cost.