

Company Registration Number: 10354924 (England & Wales)

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2017

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2017**

Members	Mr I Bruce (appointed 1 September 2016) Mr M Dooley (appointed 1 September 2016, resigned 7 July 2017) Mr T Davis (appointed 1 September 2016) Ms C Green (appointed 1 September 2016) Mr J Whetter (appointed 1 September 2016)
Trustees	Mrs K L Bond, Chair (appointed 1 September 2016) Mr S Hague, Chief Executive Officer (appointed 1 September 2016) Mr M G Hosking (appointed 11 July 2017) Mr N Lake (appointed 1 September 2016) Mrs T C Lamb (appointed 1 September 2016) Mrs K A Monk (appointed 29 September 2016, resigned 12 September 2017) Mr I P Thomas (appointed 23 September 2016, resigned 27 June 2017) Mr K Tipler (appointed 9 October 2017) Mr J Whetter (appointed 9 October 2017)
Company registered number	10354924
Company name	Crofty Multi Academy Trust
Principal and registered office	Roskear School Roskear Camborne Cornwall TR14 8DJ
Company secretary	Mr J Alder
Chief executive officer	Mr S Hague
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors Chy Nyverow Newham Road Truro Cornwall TR1 2DP
Bankers	Lloyds Bank PLC 27 Fore Street Redruth TR15 2BJ
Solicitors	Wolferstans Solicitors Deptford Chambers 60/66 North Hill Plymouth Devon PL4 8EP
Actuaries	Hymans Robertson LLP One London Wall London EC2Y 5EA

**CROFTY MULTI ACADEMY TRUST
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**TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 2 to 11 in Camborne, Pool and Redruth. It has a pupil capacity of 2,082 and had a roll of 1,955 in the school census on 1 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust (was incorporated on 1 September 2016 and opened as an Academy on 1 October 2016) 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 Crofty Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the period, except as noted, 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 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 they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £5,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1st September 2016 the Members appointed the Trustees of the newly formed Multi Academy Trust.

At present the Board has six Member-appointed Trustees and the ex-officio CEO.

When appointing new Trustees, the Board give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academies' development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academies and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the

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

governance of the Academy Trust and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 3 committees as follows;

- Finance and Resources Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and local governing bodies. The committee oversees all aspects of the Trusts business operations including procurement and premises. It also incorporates the role of an audit committee.
- School Improvement Committee - this meets once a term to monitor, evaluate and review Academy Trust policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Personnel and Governance Committee – this meets as required to consider strategic issues relating to staff, oversee processes for the recruitment, induction, evaluation, development and training of all trustees, governors and committee members. They also keep under review the skills, knowledge and experience on the board, local governing bodies and all board committees.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status of an individual academy or constitution of the Academy Trust and its committee structure, to appoint or remove the Chair and/or Vice Chair, to appoint the Chief Executive Officer and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Academy Trust comprises seven primary schools each with its own Local Governing Body (LGB). The Trustees have devolved responsibility for day to day operations of the Academy to the Headteacher and Senior Leadership Team (SLT). This includes working with the LGB to draft the annual budget and set staffing levels. The LGB and SLT implement the policies set out by the Trustees and report back to them on performance. The aim of the leadership and governance structure is to devolve responsibility and facilitate involvement in decision making at all levels. Details of this are set out in the Scheme of Delegation.

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the key management personnel of the Trust and its academies to be those in charge of directing and controlling, running and operating the Trust on a day to day basis.

The Trustees benchmark against pay levels in other Academies of a similar size and consider pay scales in Local Authority maintained schools when setting the pay of key management personnel.

All Trustees give their time freely and no Trustee received remuneration in the year for their role as a Trustee.

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

Connected Organisations, including Related Party Relationships

The Academy Trust has a shared site arrangement between one of its academies, Illogan School, and Curnow Special School from the Special Partnership Trust. Illogan School and Curnow School share a purpose built facility that promotes the integration of children from mainstream and special schools. For this purpose there is a shared use agreement.

There are no related parties which either control or significantly influence the decisions and operations of Crofty Multi Academy Trust.

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

The objects of the Academy Trust are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

The aims of the Trust are to be a group of schools:

- Working as one, connected by a shared purpose to enrich the lives of children and their families across Cornwall (Improve pupil outcomes).
- Where children receive great teaching, every day, from dynamic teachers in unique schools led by inspirational leaders (Improve the quality of teaching and learning).
- With a best in sector model of school collaboration, challenging and supporting in a restless pursuit of excellence (Attract and retain high quality staff).

Objectives, Strategies and Activities

Key priorities for the year are contained in our Trust Development Plan which is available from the Academy Office. Improvement focuses identified for this year include:

1) Pupil Outcomes - Establish and develop systems of monitoring and support to ensure the continued improvement in key outcomes for pupils.

Strategies/activities

- Alignment of assessment and reporting practices across all schools in the trust
- Improve pupil outcomes in the Trust's schools
- Strengthened process of peer reviewed school self-evaluation through external verification
- School to school support to improve the quality of teaching
- Aligned staff appraisal procedures linked to pay review
- Trust wide CPD programme for middle and senior leaders introduced

2) Organisation - Establish and develop the MAT's operational effectiveness and sustainability.

Strategies / activities

Oversight of and procedures have been set up for:

- Safeguarding
- Estates management including compliance and health and safety
- Financial management
- Sustainable growth (two schools are currently in the process of joining the trust)

3) Wellbeing - Establish and develop a MAT wide strategy to support and improve the wellbeing of pupils and staff.

Strategies / activities

- Pupil engagement remains high, they know how to keep themselves healthy and safe
- Pupils have access to appropriate support and intervention to meet their needs
- There are effective services for all staff to support health and wellbeing
- Staff engagement has been comprehensively surveyed to inform school improvement plans

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4) Governance - Establish and develop effective governance structures and systems across the Trust.

Strategies / activities

The following has been established:

- Establish core values, strategic vision and mission statement
- Effective scheme of delegation
- Clear lines of communication that allow timely reporting
- Effective governance through developing the governor network, relevant training and sharing of best practice

Public Benefit

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

STRATEGIC REPORT

Achievements and Performance

The Academy Trust is in its first year of operation. The number of pupils within the trust has increased in this first year of operation due to the addition of a school in March 2017 and the increase in PAN for two schools – Rosemellin by 15 pupils a year and Treloweth by 30 pupils this year.

Pupil Outcomes

End of Key Stage 2 results show an improvement in the Trust average and across every school within the Trust.

The average scale score for reading and maths increased from 100.6 to 103.1 and the percentage of pupils achieving the expected standard in reading, writing and maths increased from 46% to 59%. Each of these scores represents a closing of the gap with the National average (104.1 and 61% respectively).

With regard to pupil progress (where National average is 0) the schools within the MAT have improved from an average of -0.6 in 2016 to an average of +0.1 in 2017.

Pupil attainment at the end of KS2 improved in all areas:

- Reading improved from an average scale score of 100.4 in 2016 to 103.3 in 2017.
- Writing improved from an average scale score of 100.8 in 2016 to 101.7 in 2017.
- Maths improved from an average scale score of 101 in 2016 to 103.1 in 2017.
- Grammar, punctuation and spelling improved from an average scale score of 101.2 in 2016 to 103.5 in 2017.

The support and challenge provided by the trust has been focused on the established principles of peer review and bespoke provision based on a needs analysis. This approach has been effective – the two schools where intervention by the trust was more significant improved most in their end of Key Stage results. In a letter from the RSC following a review at one of our schools the 'strong school improvement support' was recognised as a strength.

Continuing professional development has been a key focus – particularly for the leadership of senior staff. The Trust have defined priorities and brokered providers who have been able to deliver high quality coaching training for headteachers – recognised by a professional qualification for those who want to. In addition training for

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senior/ middle leaders has supported the development of key leadership skills.

The MAT has built close working relationship with other schools locally and in addition to the two schools joining within the very near future we are working at a strategic level focusing on school improvement strategies with two other primary schools and a local secondary school.

We have established a partnership with the Peninsula Teaching school and are part of the strategic board, determining priorities and direction of travel.

Key Performance Indicators

One of the important performance indicators is the level of reserves held at the Balance Sheet date. The Board have agreed that a level of reserves held by individual schools and central admin and strategic operation should not be less than one month's gross salary and related social charges.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016 were 1,933 increasing to 1,955 at the school census date on 1 October 2016. It is anticipated that pupil numbers will rise in line with planned school expansion, in addition to new schools who join the Academy.

Another key financial performance indicator is staffing costs as a percentage of GAG, this was 87.7% for 2016. No historical data is available as the schools were under LEA control.

The academy has set clear KPI targets for the academic year 2017/18. No targets were set for 2016/17, however actuals are stated below which have been used as a guideline for 2017/18:

Recommended KPI Targets	2016/17
Total Salaries % of Income	65.1
Total Overheads % of Income	25.3
Total Salaries % of Total Overheads	71.9
Average Teacher Cost per Annum	£32,848
Average Teacher Cost per Month	£2,737
Average Teacher Cost Per Pupil per month	£144.60
Teaching to non-teaching staff ratio	100 teachers to 370 non teaching staff

Going Concern

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

FINANCIAL REVIEW

Financial Review

The majority of Academy funding is received from the DFE based upon actual pupil numbers as at the previous census in October. This will generate the substantial part of annual income which is supplemented by additional payments for Pupil Premiums to fund students from disadvantaged backgrounds. Further funding is also available to cover projected pupil growth, free school meals, and nursery provision.

During the year ended 31 August 2017, the Academy received total income of £9.1m and incurred total expenditure of £9.4m. The excess of expenditure over income received for the year was £0.3m. The revenue figure excludes the intake of net £25.8m of Net Assets on conversion. Revenue was inclusive of capital funding and CIF bids. Expenditure excludes capital expenditure and CIF bid expenditure, but includes depreciation.

At 31 August 2017 the net book value of fixed assets was £26.2m and movements in tangible fixed assets are shown in the financial statements. The assets were used exclusively for providing education and the associated

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support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were valued at current reinstatement value less depreciation on 31st August 2017 at £25.2m. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share was transferred across on conversion and is shown as Unrestricted Funds.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its teaching support staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity. The original deficit calculated by scheme actuaries as at the 1st of October 2016 was £1.8m. This resulted in a recommended scheme funding requirement of 33%. This was subsequently reduced to 18.1%, following a change in the scheme valuation basis by actuaries. The current deficit as at 31st August 2017 is £2.0m

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Reserves Policy

The Academy's Trustees aim to control reserves to an agreed level to ensure excessive balances are not held at any one time. Local Governing Bodies will ensure that delegated funds are spent appropriately on the pupils of each Crofty School so that Crofty Multi Academy Trust can adhere to ESFA balances policies.

Trustees are also conscious of their responsibilities to ensure sufficient reserves are kept as good financial practice and to maintain a secure financial future for schools in the MAT. The basis is recognition of "risk" to each school, with future funding uncertainty, the variable timings of some funding streams to schools and the need to protect fixed payroll costs.

Good financial planning and monitoring by finance staff, LGBs and the finance committee of Crofty Multi Academy Trust ensures that any future financial needs are identified early.

The policy of the Crofty MAT is that a minimum reserve be set as one calendar month's gross payroll costs (for all teachers, support, nursery, premises, admin, agency where relevant).

To achieve this across the MAT each individual school in the Trust will be required to hold a minimum reserve of one calendar month's gross payroll costs, being approximately £500,000.

Where schools fall short of reserves policy there will be a "Recovery Plan" to rebuild reserves over the financial year.

In the case of revenue reserves used for capital spend, an equivalent amount should be released to "Restricted Reserve" and ring fenced for capital spend.

Total MAT free reserves currently meet the requirements of this policy. The value of unrestricted reserves as at the 31st August 2017 were £1.1m which complied with minimum reserves position of £0.5m.

The defined benefit pension scheme reserve has a negative balance as at the 31st August 2017 of £2.0m. The effect of the deficit position of the pension scheme is that the Academy Trust will be paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income.

However due to a change in investment growth assumptions contribution rates will not change from current rates

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until the next valuation.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have agreed the following policy with respect to maximising the return on surplus cash balances whilst minimising risk.

The aim of the Investment Policy is to ensure the maximum return on the Trust's funds from the management of cash flow. As the Trust would be in breach of the Funding Agreement if it planned for a deficit in its annual budget or became overdrawn on its bank account(s) without prior approval (for example as a matter of short-term borrowing), then it follows that, in normal circumstances, there will be opportunities to deposit cash in an account(s) paying a higher interest rate. An annual review will be held with the bank to assess whether, for its main transactions, the Trust has access to the most cost effective bank account(s) and is taking advantage of any special arrangements. The factors and constraints checklist to be taken into account when planning an investment will include:-

- The extent to which cash will be required to meet specific obligations in the short-term, i.e. statutory deductions, and in the longer-term, i.e. project costs
- The likely future cash flow position if the investment may overlap into a new financial year
- The possibility that cash may be needed to settle an urgent liability neither foreseen nor referred to in the annual accounts
- The potential for the repayment of grant-aid where this is deemed not to have been properly applied
- The possibility that grant-aid profiled in the accounts is not received at the planned time

This is to ensure that once an investment is made it does not have to be withdrawn prior to the maturity date thus avoiding any potential penalties including loss of interest arising from the termination of the agreement. As the Trust is in charge of public funds, advice will be taken as to security and tenure from the school's bank and auditors as appropriate when any investment is planned. This will preclude any investment in an account deemed to be a potential risk even though the rate of return may be higher. Normally the Trust will consider facilities offered by the main clearing banks such as the money market, deposit accounts and bonds. Unless the cash flow assessment determines otherwise it will be unusual for any investment to span more than a year and beyond the current financial year. The policy is reviewed as part of the audit process.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year almost 100% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy Trust is dependent on continuing to attract pupils in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in

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the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring the appraisal and pay review process is fair and equitable.

Fraud and mismanagement of funds - The Academy Trust has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Trust's schools are currently at or close to PAN in all year groups risks to revenue funding from a falling roll are small. However, the uncertainty over funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme) represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The central oversight and management of the Trust's finances will be monitored in order to ensure they remain efficient and effective. Following a number of successful CIF bids in the first year the Trust plans to submit further bids in the future to help address maintenance issues in those schools meeting the requirements of the funding.

The success of the Crofty MAT in its first year has led to informal and formal talks with other schools considering conversion to academy. The Trust is currently working with two primary schools that have been granted academy orders with a view to them joining the Trust.

The schools in the Crofty Multi Academy Trust will continue to develop and embed a culture of collaboration and shared accountability both within the Trust and with schools outside the Trust who are interested in benefiting

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from shared working.

Governance will be continually reviewed to ensure effectiveness as the number of schools within the Trust increases.

Full details of our plans for the future are given in our Academy Development Plan, which is available from the Trust office.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the custodian trustees of any other charity.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

For disabled employees – each school within the Academy Trust has an agreed equalities statement.

These outline the steps taken to

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equal opportunity
- Foster good relations.

These ensure fair and lawful treatment in respect of applications for employment from disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons.

For employee consultation – Crofty Multi Academy Trust has drafted a constitution and agreement and is seeking work place representatives to establish a Joint Consultative and Negotiation Committee. The intention is to introduce, maintain and develop arrangements to provide information and consult employees on matters affecting them.

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- 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 auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 5 December 2017 and signed on the board's behalf by:



**Mrs K L Bond
Chair of Trustees**

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Crofty Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 4 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs K L Bond, Chair	4	4
Mr S Hague, Chief Executive Officer	4	4
Mr M G Hosking	1	1
Mr N Lake	4	4
Mrs T C Lamb	4	4
Mrs K A Monk	4	4
Mr I P Thomas	3	4

One Trustee resigned during the year and another post the year end. Two new Trustees were appointed in October 2017.

During the course of the first year a review of governance at Illogan School was undertaken, and an independent professional Trust Secretary recruited.

An external review of governance has been commissioned for autumn 2017.

The Finance & Resources Committee is a committee of the main Board of Trustees. Its responsibilities include a strategic overview of financial management including approving budgets, procurement and contracts, budget monitoring, capital planning and premises.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mrs K Bond	3	3
Mr S Hague	3	3
Mr N Lake	3	3

The School Improvement Committee is a committee of the main Board of Trustees. Its purpose is to monitor the effectiveness of teaching and learning and school improvement.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mrs K Bond	2	2
Mrs T C Lamb	2	2
Mrs K Monk	1	2

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- procuring a number of new cross academy contracts which have improved the quality of service and returned savings, these include health and safety, compliance, payroll, catering and cleaning;
- centralising business support services which has generated savings as well as improving the quality and effectiveness of the back office support areas; and
- using benchmarking data and financial analysis to focus on areas of high spend across the Trust and identifying target review areas for the next academic year.

During the period covered by the Financial Statements, the contract for Financial Software System required renewal for all the schools in the Trust. Three tenders were received and each company was invited to give a presentation to a panel which included Finance Manager, CEO and an external auditor. The three companies outlined their offering detailing the quality of the package and associated costs. The contract was awarded on the basis of the functionality and requirements of operating seven schools under one package and a bulk discount was negotiated.

A tendering process was also followed for staff absence insurance for all Trust schools. In this instance the tender process was run internally by the Estates and Procurement Officer. A tender specification was put together detailing number and type of staff for each school and the level of cover required. Tenders were received from three companies who were then evaluated with consideration to price and quality of service.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Crofty Multi Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Resources Committee of reports which indicate financial performance

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

- 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 to appoint Cornwall Council LFS team as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems;
- testing of purchase systems;
- testing of control account/bank account reconciliations.

On a quarterly basis, the internal auditor reports to the Board of Trustees through the finance and resources committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS


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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the internal auditor's 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 5 December 2017 and signed on their behalf, by:

**Mrs K L Bond
Chair of Trustees**



**Mr S Hague
Accounting Officer**



**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

Mr S Hague
Accounting Officer



Date: 5 December 2017

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



**Mrs K L Bond
Chair of Trustees**

Date: 5 December 2017

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

OPINION

We have audited the financial statements of Crofty Multi Academy Trust for the period ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CROFTY MULTI ACADEMY TRUST

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust's or to cease operations, or have no realistic alternative but to do so.

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Alison Oliver FCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP
Date: 14-12-2017

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CROFTY
MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Crofty Multi Academy Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CROFTY
MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Alison Oliver FCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

Date: 14-12-2017

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
INCOME FROM:					
Donations & capital grants:					
Transfers on conversion	2	1,222,100	(2,025,000)	26,569,740	25,766,840
Other donations and capital grants	2	-	15,549	736,567	752,116
Charitable activities	3	487,815	7,802,911	-	8,290,726
Other trading activities	4	24,061	-	-	24,061
Investments	5	562	-	-	562
TOTAL INCOME		1,734,538	5,793,460	27,306,307	34,834,305
EXPENDITURE ON:					
Raising funds		26,775	-	-	26,775
Charitable activities	9	449,726	8,102,468	808,226	9,360,420
TOTAL EXPENDITURE	6	476,501	8,102,468	808,226	9,387,195
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	19	1,258,037 (137,326)	(2,309,008) 116,628	26,498,081 20,698	25,447,110 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
Actuarial gains on defined benefit pension schemes	24	-	208,000	-	208,000
NET MOVEMENT IN FUNDS		1,120,711	(1,984,380)	26,518,779	25,655,110
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		1,120,711	(1,984,380)	26,518,779	25,655,110

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

The notes on pages 24 to 47 form part of these financial statements.

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 10354924**

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £
FIXED ASSETS			
Tangible assets	16		26,221,562
CURRENT ASSETS			
Debtors	17	576,843	
Cash at bank and in hand		2,330,460	
		<u>2,907,303</u>	
CREDITORS: amounts falling due within one year	18	<u>(1,450,755)</u>	
NET CURRENT ASSETS			<u>1,456,548</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>27,678,110</u>
Defined benefit pension scheme liability	24		<u>(2,023,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>25,655,110</u></u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	19	38,620	
Restricted fixed asset funds	19	26,518,779	
		<u>26,557,399</u>	
Restricted income funds excluding pension liability			
Pension reserve		<u>(2,023,000)</u>	
Total restricted income funds			<u>24,534,399</u>
Unrestricted income funds	19		<u>1,120,711</u>
TOTAL FUNDS			<u><u>25,655,110</u></u>

The financial statements on pages 21 to 47 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:

Karen L Bond

**Mrs K L Bond
Chair of Trustees**

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	2017 £
Cash flows from operating activities		
Net cash provided by operating activities	21	<u>831,279</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments		562
Purchase of tangible fixed assets		(460,048)
Capital grants from DfE/ESFA		736,567
School balances received on conversion		<u>1,222,100</u>
Net cash provided by investing activities		<u>1,499,181</u>
Change in cash and cash equivalents in the period		2,330,460
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	22	<u><u>2,330,460</u></u>

The notes on pages 24 to 47 form part of these financial statements.

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

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Crofty Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

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

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

Grants are included in the Statement of Financial Activities 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 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.

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.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

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

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

All expenditure is inclusive of irrecoverable VAT.

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold property	-	2% straight line
Fixtures and fittings	-	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.

1.6 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.7 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.

1.8 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.

1.9 LIABILITIES AND PROVISIONS

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

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.10 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the Academy Trust'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 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.11 TAXATION

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

1.12 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.13 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 Illogan, Pencoys, Portreath School, Rosemellin, Roskear, Treloweth and Weeth Primary Schools to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 23.

1.14 FUND ACCOUNTING

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

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

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

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised on the Balance sheet.

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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Transfers on conversion	1,222,100	(2,025,000)	26,569,740	25,766,840
Donations	-	15,549	-	15,549
	<u>1,222,100</u>	<u>(2,009,451)</u>	<u>27,306,307</u>	<u>26,518,956</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Education	249,306	7,802,911	8,052,217
Nursery	238,509	-	238,509
	<u>487,815</u>	<u>7,802,911</u>	<u>8,290,726</u>

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FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant	-	6,383,163	6,383,163
Start up Grants	-	203,950	203,950
Other DfE/EFA grants	-	989,028	989,028
	<u>-</u>	<u>7,576,141</u>	<u>7,576,141</u>
Other government grants			
High Needs	-	108,751	108,751
Other government grants non capital	-	118,019	118,019
	<u>-</u>	<u>226,770</u>	<u>226,770</u>
Other funding			
Internal catering income	70,905	-	70,905
Sales to students	129,206	-	129,206
Other	49,195	-	49,195
	<u>249,306</u>	<u>-</u>	<u>249,306</u>
	<u>249,306</u>	<u>7,802,911</u>	<u>8,052,217</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Lettings	23,806	-	23,806
Other	255	-	255
	<u>24,061</u>	<u>-</u>	<u>24,061</u>

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Bank interest	562	-	562
	<u>562</u>	<u>-</u>	<u>562</u>

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6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Expenditure on fundraising trading	-	-	26,775	26,775
Education:				
Direct costs	5,334,787	-	976,473	6,311,260
Support costs	1,063,321	752,106	1,038,900	2,854,327
Nursery:				
Direct costs	179,610	5,938	-	185,548
Support costs	-	9,285	-	9,285
	<u>6,577,718</u>	<u>767,329</u>	<u>2,042,148</u>	<u>9,387,195</u>

7. DIRECT COSTS

	Education £	Nursery £	Total 2017 £
Pension finance costs	29,000	-	29,000
Educational supplies	177,977	-	177,977
Other costs	101,297	-	101,297
Supply teachers	147,224	-	147,224
Wages and salaries	4,003,975	141,643	4,145,618
National insurance	336,109	7,827	343,936
Pension cost	840,791	30,140	870,931
Depreciation	674,887	5,938	680,825
	<u>6,311,260</u>	<u>185,548</u>	<u>6,496,808</u>

CROFTY MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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8. SUPPORT COSTS

	Education £	Nursery £	Total 2017 £
Pension finance costs	15,000	-	15,000
Recruitment and support	32,884	-	32,884
Maintenance of premises and equipment	280,419	3,045	283,464
Cleaning	88,928	1,268	90,196
Rent and rates	130,642	1,375	132,017
Energy costs	119,619	1,618	121,237
Insurance	132,498	872	133,370
Security and transport	16,541	-	16,541
Catering	233,198	-	233,198
Technology costs	29,250	-	29,250
Office overheads	107,751	-	107,751
Legal and professional	455,604	-	455,604
Bank interest and charges	813	-	813
Governance	20,565	-	20,565
Wages and salaries	736,953	-	736,953
National insurance	54,809	-	54,809
Pension cost	272,559	-	272,559
Depreciation	126,294	1,107	127,401
	<u>2,854,327</u>	<u>9,285</u>	<u>2,863,612</u>

9. GOVERNANCE COSTS

During the year the Academy Trust incurred the following governance costs:

£11,000 in respect of accountancy fees and £9,565 of professional fees.

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £
Depreciation of tangible fixed assets: - owned by the Academy Trust	808,226
Auditors' remuneration - audit	6,000
Auditors' remuneration - other services	6,100
Operating lease rentals	14,207
	<u>834,533</u>

**CROFTY MULTI ACADEMY TRUST
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11. STAFF COSTS

Staff costs were as follows:

	2017 £
Wages and salaries	4,870,571
Social security costs	398,745
Operating costs of defined benefit pension schemes	1,143,490
	<u>6,412,806</u>
Apprenticeship levy	5,688
Supply teacher costs	147,224
Staff restructuring costs	12,000
	<u><u>6,577,718</u></u>

Staff restructuring costs comprise:

	2017 £
Severance payments	12,000
	<u><u>12,000</u></u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,000 which relates to one individual payment.

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

	2017 No.
Teachers	100
Administration and educational support	261
Management	4
	<u><u>365</u></u>

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

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

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £206,678.

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**NOTES TO THE FINANCIAL STATEMENTS
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12. CENTRAL SERVICES

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

- Finance and administration
- Premises management and compliance
- School improvement advice
- Human resources
- IT licenses

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

The cost of the provision of central services is recharged to the academies based on a % of General Annual Grant income.

The actual amounts charged during the year were as follows:

	2017 £
Pencoy's Primary School	35,695
Rosemellin Primary School	59,072
Portreath Primary School	25,003
Illogan Primary School	40,595
Weeth Primary School	17,849
Treloweth Primary School	70,994
Roskear Primary School	69,951
	<hr/>
Total	319,159

13. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows: Mr S Hague: Remuneration £70,000 - £75,000, Employer's pension contributions £10,000 - £15,000, Tamsin Lamb: Remuneration £70,000 - £75,000, Employer's pension contributions £10,000 - £15,000.

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

During the year ended 31 August 2017, one Trustee received reimbursement of expenses of £165.

14. TRUSTEES' 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 2017 was £2,200.

**CROFTY MULTI ACADEMY TRUST
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15. OTHER FINANCE INCOME

	2017 £
Interest income on pension scheme assets	57,000
Interest on pension scheme liabilities	(101,000)
	<u>(44,000)</u>

16. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
Additions	452,627	-	1,906	5,515	460,048
Transfers on conversion	25,197,040	71,700	676,000	625,000	26,569,740
At 31 August 2017	<u>25,649,667</u>	<u>71,700</u>	<u>677,906</u>	<u>630,515</u>	<u>27,029,788</u>
DEPRECIATION					
At 1 September 2016	-	-	-	-	-
Charge for the period	450,235	14,340	135,581	208,070	808,226
At 31 August 2017	<u>450,235</u>	<u>14,340</u>	<u>135,581</u>	<u>208,070</u>	<u>808,226</u>
NET BOOK VALUE					
At 31 August 2017	<u>25,199,432</u>	<u>57,360</u>	<u>542,325</u>	<u>422,445</u>	<u>26,221,562</u>

17. DEBTORS

	2017 £
Trade debtors	2,317
VAT recoverable	62,281
Other debtors	6,344
Prepayments and accrued income	505,901
	<u>576,843</u>

CROFTY MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £
Trade creditors	107,088
Other taxation and social security	112,767
Other creditors	120,527
Accruals and deferred income	1,110,373
	<u>1,450,755</u>
	£
DEFERRED INCOME	
Resources deferred during the year	<u>776,571</u>

At the balance sheet date, the Academy was holding funds received in advance for September 2017's General Annual Grant of £630,034, and £146,537 of Universal Infant Free School Meals income relating to the 2017/18 academic year.

19. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	-	1,734,538	(476,501)	(137,326)	-	1,120,711
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	6,383,163	(6,499,791)	116,628	-	-
High needs funding	-	108,751	(108,751)	-	-	-
Donations	-	15,549	(15,549)	-	-	-
Pupil premium	-	654,070	(654,070)	-	-	-
Start up grant	-	203,950	(203,950)	-	-	-
PE and sports premium	-	25,536	(25,536)	-	-	-
Universal infant free school meals	-	228,423	(228,423)	-	-	-
Rates relief	-	54,635	(54,635)	-	-	-
Other ESFA grants	-	26,364	(26,364)	-	-	-
Other LA grants	-	118,019	(79,399)	-	-	38,620
Pension reserve	-	(2,025,000)	(206,000)	-	208,000	(2,023,000)
	<u>-</u>	<u>5,793,460</u>	<u>(8,102,468)</u>	<u>116,628</u>	<u>208,000</u>	<u>(1,984,380)</u>

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19. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	-	26,569,740	(796,972)	-	-	25,772,768
Fixed assets purchased from GAG and other restricted funds	-	-	(2,586)	56,735	-	54,149
DfE/ESFA Capital grants	-	736,567	(8,668)	(36,037)	-	691,862
	-	27,306,307	(808,226)	20,698	-	26,518,779
Total restricted funds	-	33,099,767	(8,910,694)	137,326	208,000	24,534,399
Total of funds	-	34,834,305	(9,387,195)	-	208,000	25,655,110

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

General Annual Grant - represents funding received from the ESFA during the year in order to fund the continuing activities of the school. A transfer of £137,326 was made out of unrestricted funds in to the restricted GAG fund to cover the shortfall in GAG income against the relevant expenditure normally funded by GAG. A transfer of £56,735 was also made out of restricted funds into the restricted fixed asset fund where restricted funds were used to purchase fixed assets.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy Trust to address underlying inequalities faced by disadvantaged children.

PE and sports premium – The PE and sport premium is designed to help primary schools improve the quality of the PE and sport activities the Academy Trust offer its pupils.

Universal infant free school meals - The Academy Trust has recognised income to the extent that expenditure was incurred during the year in order to meet its obligations to provide free school meals to all its pupil in reception, year 1 and year 2.

Pension reserve – This represents the Academy Trust's share of the assets and liabilities in the Local Government Pension Scheme.

Fixed assets transferred on conversion – This represent the buildings and equipment donated to the Academy Trust from the Local Authority on schools converting.

DfE/ESFA Capital grants – Includes unspent capital funding such as DFC and CIF funding from the ESFA to cover the maintenance and purchase of the Academy Trust's assets. £36,037 of DFC funding which has been spent on repairs has been transferred to restricted funds.

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

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £
Pencoys Primary School	150,896
Rosemellin Primary School	129,190
Portreath Primary School	137,453
Illogan Primary School	112,903
Weeth Primary School	75,427
Treloweth Primary School	197,838
Roskear Primary School	272,883
Central services	82,741
Total before fixed asset fund and pension reserve	<u>1,159,331</u>
Restricted fixed asset fund	26,518,779
Pension reserve	(2,023,000)
Total	<u><u>25,655,110</u></u>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £
Pencoys Primary School	634,998	92,137	36,898	148,305	912,338
Rosemellin Primary School	968,741	220,124	36,273	183,027	1,408,165
Portreath Primary School	363,013	48,139	25,427	125,333	561,912
Illogan Primary School	665,633	89,557	21,711	179,661	956,562
Weeth Primary School	351,633	24,988	26,591	109,134	512,346
Treloweth Primary School	1,192,487	127,376	49,398	335,963	1,705,224
Roskear Primary School	1,038,796	427,361	72,519	288,911	1,827,587
Central services	6,798	158,249	10,457	313,331	488,835
	<u>5,222,099</u>	<u>1,187,931</u>	<u>279,274</u>	<u>1,683,665</u>	<u>8,372,969</u>

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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	26,221,562	26,221,562
Current assets	2,571,466	38,620	297,217	2,907,303
Creditors due within one year	(1,450,755)	-	-	(1,450,755)
Pension scheme liability	-	(2,023,000)	-	(2,023,000)
	<u>1,120,711</u>	<u>(1,984,380)</u>	<u>26,518,779</u>	<u>25,655,110</u>

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

	2017 £
Net income for the year (as per Statement of Financial Activities)	25,447,110
Adjustment for:	
Depreciation charges	808,226
Dividends, interest and rents from investments	(562)
Increase in debtors	(576,843)
Increase in creditors	1,450,755
Capital grants from DfE and other capital income	(736,567)
Defined benefit pension scheme obligation inherited	181,000
Defined benefit pension scheme cost less contributions payable	162,000
Defined benefit pension scheme finance cost	44,000
Net (loss) on assets and liabilities from local authority on conversion	(25,947,840)
Net cash provided by operating activities	<u>831,279</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £
Cash at bank and in hand	2,330,460
	<u>2,330,460</u>

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23. CONVERSION TO AN ACADEMY TRUST

On 1 October 2016 and 1 March 2017 for Weeth Primary School, Pencoys Primary School, Rosemellin Primary School, Portreath Primary School, Illogan Primary School, Treloweth Primary School, Roskear Primary School and Weeth Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Crofty Multi Academy Trust from Cornwall Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities 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.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	25,197,040	25,197,040
- Other tangible fixed assets	-	-	1,372,700	1,372,700
Budget surplus/(deficit) on LA funds	1,222,100	-	-	1,222,100
LGPS pension surplus/(deficit)	-	(2,025,000)	-	(2,025,000)
Net assets/(liabilities)	<u>1,222,100</u>	<u>(2,025,000)</u>	<u>26,569,740</u>	<u>25,766,840</u>

The above net assets include £1,222,100 that were transferred as cash.

Pencoy's Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	2,519,350	2,519,350
Other assets	-	-	165,000	165,000
Budget surplus/(deficit) on LA funds	177,660	-	-	177,660
LGPS pension surplus/(deficit)	-	(227,353)	-	(227,353)
Net assets/(liabilities)	<u>177,660</u>	<u>(227,353)</u>	<u>2,684,350</u>	<u>2,634,657</u>

The above net assets include £177,660 that were transferred as cash.

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Rosemellin Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	3,955,500	3,955,500
Other assets	-	-	221,200	221,200
Budget surplus/(deficit) on LA funds	131,604	-	-	131,604
LGPS pension surplus/(deficit)	-	(357,746)	-	(357,746)
	<u>131,604</u>	<u>(357,746)</u>	<u>4,176,700</u>	<u>3,950,558</u>
Net assets/(liabilities)	<u>131,604</u>	<u>(357,746)</u>	<u>4,176,700</u>	<u>3,950,558</u>

The above net assets include £131,604 that were transferred as cash.

Portreath Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	1,965,700	1,965,700
Other assets	-	-	125,000	125,000
Budget surplus/(deficit) on LA funds	148,070	-	-	148,070
LGPS pension surplus/(deficit)	-	(159,370)	-	(159,370)
	<u>148,070</u>	<u>(159,370)</u>	<u>2,090,700</u>	<u>2,079,400</u>
Net assets/(liabilities)	<u>148,070</u>	<u>(159,370)</u>	<u>2,090,700</u>	<u>2,079,400</u>

The above net assets include £148,070 that were transferred as cash.

Illogan Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	4,422,425	4,422,425
Other assets	-	-	170,200	170,200
Budget surplus/(deficit) on LA funds	110,396	-	-	110,396
LGPS pension surplus/(deficit)	-	(257,444)	-	(257,444)
	<u>110,396</u>	<u>(257,444)</u>	<u>4,592,625</u>	<u>4,445,577</u>
Net assets/(liabilities)	<u>110,396</u>	<u>(257,444)</u>	<u>4,592,625</u>	<u>4,445,577</u>

The above net assets include £110,396 that were transferred as cash.

**CROFTY MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

Weeth Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	2,181,440	2,181,440
Other assets	-	-	149,000	149,000
Budget surplus/(deficit) on LA funds	145,720	-	-	145,720
LGPS pension surplus/(deficit)	-	(183,888)	-	(183,888)
	<u>145,720</u>	<u>(183,888)</u>	<u>2,330,440</u>	<u>2,292,272</u>
Net assets/(liabilities)	<u>145,720</u>	<u>(183,888)</u>	<u>2,330,440</u>	<u>2,292,272</u>

The above net assets include £145,720 that were transferred as cash.

Treloweth Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	5,051,305	5,051,305
Other assets	-	-	269,600	269,600
Budget surplus/(deficit) on LA funds	272,222	-	-	272,222
LGPS pension surplus/(deficit)	-	(441,332)	-	(441,332)
	<u>272,222</u>	<u>(441,332)</u>	<u>5,320,905</u>	<u>5,151,795</u>
Net assets/(liabilities)	<u>272,222</u>	<u>(441,332)</u>	<u>5,320,905</u>	<u>5,151,795</u>

The above net assets include £272,222 that were transferred as cash.

Roskear Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	5,101,320	5,101,320
Other assets	-	-	272,700	272,700
Budget surplus/(deficit) on LA funds	236,428	-	-	236,428
LGPS pension surplus/(deficit)	-	(397,867)	-	(397,867)
	<u>236,428</u>	<u>(397,867)</u>	<u>5,374,020</u>	<u>5,212,581</u>
Net assets/(liabilities)	<u>236,428</u>	<u>(397,867)</u>	<u>5,374,020</u>	<u>5,212,581</u>

The above net assets include £236,428 that were transferred as cash.

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24. PENSION COMMITMENTS

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

As described in note 23 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 2016. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Contributions amounting to £114,246 were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

The employer's pension costs paid to TPS in the period amounted to £475,894.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £602,963., of which employer's contributions totalled £501,742. and employees' contributions totalled £103,021.. The agreed contribution rates for future years are 19.2% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2017
Discount rate for scheme liabilities	2.50 %
Rate of increase in salaries	2.50 %
Rate of increase in pensions	2.40 %
Inflation assumption (CPI)	2.40 %

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

	2017
Retiring today	
Males	22.1
Females	24.5
Retiring in 20 years	
Males	24.0
Females	26.4

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £
Equities	1,544,000
Bonds	1,413,000
Property	230,000
Cash	99,000
	<hr/>
Total market value of assets	3,286,000 <hr/>

The actual return on scheme assets was £57,000.

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £
Current service cost	(680,000)
Past service cost	(30,140)
Interest income	57,000
Interest cost	(101,000)
	<hr/>
Total	(754,140) <hr/>

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

	2017 £
Opening defined benefit obligation	3,949,000
Current service cost	680,000
Interest cost	101,000
Employee contributions	102,000
Effect of business combinations	477,000
	<hr/>
Closing defined benefit obligation	5,309,000 <hr/>

**CROFTY MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

24. PENSION COMMITMENTS (continued)

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

	2017 £
Opening fair value of scheme assets	2,142,000
Interest income	57,000
Actuarial losses	208,000
Employer contributions	518,000
Employee contributions	102,000
Effect of business combinations	259,000
	<hr/>
Closing fair value of scheme assets	<u>3,286,000</u>

25. OPERATING LEASE COMMITMENTS

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

	2017 £
AMOUNTS PAYABLE:	
Within 1 year	13,738
Between 1 and 5 years	29,664
	<hr/>
Total	<u>43,402</u>

26. 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.

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 12.

28. POST BALANCE SHEET EVENTS

On 1 December 2017 Lanner Primary School and Pennoweth Primary school joined the Academy Trust.

**CROFTY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
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29. GENERAL INFORMATION

Crofty Multi Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Roskear School, Roskear, Camborne, England, TR14 8DJ.

