

THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2014

Company Limited by Guarantee
Registration Number: 8422015
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Trustees	R H Pogson - Chair D Morris - Head of MAT and Accounting Officer A J Kennedy S J Lloyd L Wainscot D J Briggs - (appointed 19 December 2013) J A Wade - (appointed 19 December 2013) P E Law - (appointed 17 July 2014) H J Brookes - (resigned 1 October 2013) M C Cleveland - (resigned 1 October 2013) E Leech - (resigned 1 October 2013) M F Owen - (resigned 1 October 2013)
Company Secretary	J R Baker
Central MAT - Senior Management Team	
Head of MAT & Accounting Officer	D Morris
Head of Finance	M Nisbet
Stretton Church of England Academy	
Headteacher	S Bates
St Laurence's Church of England Primary School	
Executive Head	M Moore
Head of School	J Jennings
St Bartholomew's Church of England Academy	
Headteacher	R Medley
Queens Church of England Primary Academy	
Executive Head	M Moore
Head of School	H Carvell
Harris Church of England Academy	
Headteacher	M Stoppard
St James's Church of England Academy	
Headteacher	P Ison
St Nicolas Church of England Primary School	
Headteacher	T McGeever
Studley St Mary's Church of England Academy	
Headteacher	S Lambert
Principal Address	Diocese of Coventry Multi-Academy Trust The Benn Education Centre Claremont Road Rugby CV21 3LU

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS
(Continued)****Academy Addresses**

Stretton Church of England Academy
Stretton Avenue
Willenhall
Coventry
CV3 3AE

St Laurence's Church of England Primary School
Old Church Road
Coventry
CV6 7FN

St Bartholomew's Church of England Academy
Bredon Avenue
Coventry
CV3 2LP

Queens Church of England Academy
Bentley Road
Nuneaton
CV11 5LR

Harris Church of England Academy
Harris Drive
Rugby
CV22 6EA

St James Church of England Academy
Barbridge Road
Bulkinton
CV12 9PF

St Nicolas Church of England Academy
Windemere
Nuneaton
CV11 6HJ

Studley St Mary's Church of England Academy
New Road
Studley
B80 7ND

Registered Office

The Benn Education Centre
Claremont Road
Rugby
CV21 3LU

Company Registration Number

8422015

Independent Auditor

UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2014. The trust operates a multi academy trust (MAT) for pupils aged 5 to 16 serving a catchment area in Rugby, Coventry, Nuneaton and Studley. The MAT comprises 8 schools with a pupil capacity and roll on 16 January 2014 as follows for: Stretton Church of England Academy (capacity:210, roll:174), St Laurence's Church of England Primary School (capacity:420: roll:387), St Bartholomew's Church of England Academy (capacity:330: roll:303), Queens Church of England Primary School (capacity:240 roll: 140), Harris Church of England Academy (capacity:910 roll:841), St James's Church of England Academy (capacity:240 roll:230), St Nicolas Church of England Primary School (capacity:420 roll:420) and Studley St Mary's Church of England Academy (capacity:240 roll:215).

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The multi academy trust is a company limited by guarantee with no share capital (Registration Number: 8422015) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust. The trustees of The Diocese of Coventry Multi-Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Diocese of Coventry Multi-Academy Trust.

Details of the trustees who served during the year except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Trustees' Indemnities

The Diocese of Coventry Multi-Academy Trust has in place Directors and Trustees liability insurance indemnity cover to a limit of £5m.

Principal Activities

In line with the Church of England Foundation, The Diocese of Coventry Multi-Academy Trust, works in partnership with young people, parents and carers to ensure that:

- Every lesson to be good or better.
- Every child to make at least, and for many, above national expectations in both attainment and progress.
- Every academy to be well led and governed.
- All teachers motivated to self-improve and aspire to excellence.
- All academies to be judged good or better at Section 48 Inspections.

Method of Recruitment and Appointment or Election of Trustees

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the company's Articles of Association. These include application, shortlisting and interview procedures. Consideration is given to the skills of trustees which would enhance the effectiveness of the trust.

With regard to Parent and Staff representation, procedures are in place for nomination and election of the local governing board members as part of local governing bodies of the academies.

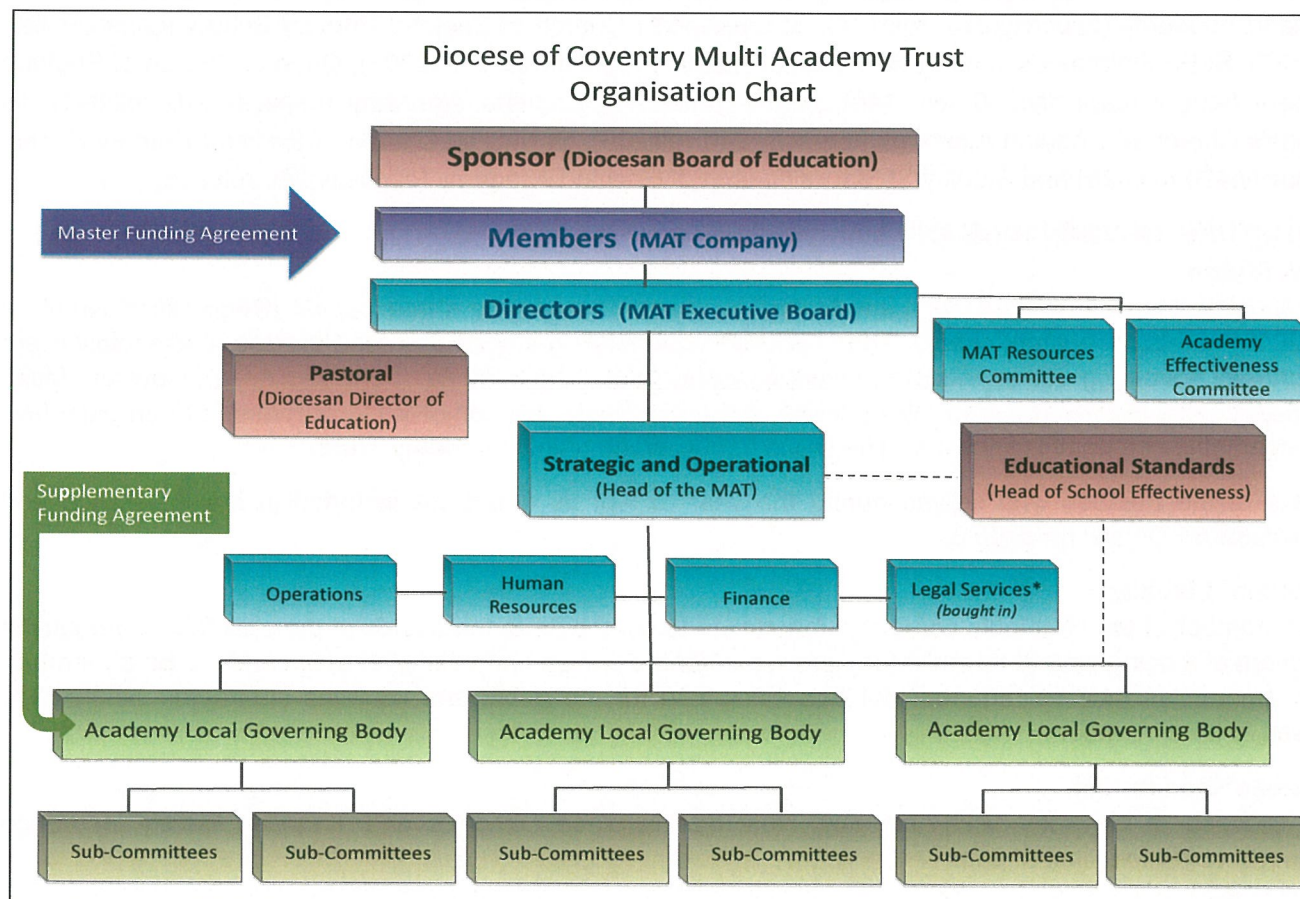
Policies and Procedures Adopted for the Induction and Training of Trustees

An induction pack containing relevant documentation needed to undertake the role is evolving and will be updated regularly so that it can be provided to all newly appointed trustees. The induction pack describes their role as a trustee and gives some basic information about the academies including the local governing bodies. Training for trustees is undertaken depending on their experience.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

Organisational Structure

The structure consists of the following levels: the members, the directors (trustees), the MAT officers and Academy Local Governing Bodies. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst maintaining accountability.



The trustees are responsible for upholding the Christian Foundation, setting general policy, adopting an annual plan and budget, monitoring the academies through the use of budgets and making major decisions about the direction of the academies, capital expenditure and staff appointments.

The trustees control the academies at an executive level, whilst the Senior Leadership Teams in each academy (Head teachers and Deputies) implement the policies laid down by the trustees and report back to them. The Senior Leaders are responsible, in line with the Trust Schemes of Delegation, for the authorisation of spending within agreed budgets and the appointment of the majority of staff.

Connected Organisations, including Related Party Relationships

The Diocese of Coventry Multi-Academy Trust was incorporated on 27 February 2013 and became a multi academy trust from 1 April 2013 including under its control Stretton Church of England Academy and St Laurence's Church of England Primary School. During the year a number of other Church of England schools from the Coventry and Warwickshire area have joined the MAT.

- St Bartholomew's Church of England Academy
- Queens Church of England Academy
- Harris Church of England Academy
- St James Church of England Academy
- St Nicolas Church of England Academy
- Studley St Mary's Church of England Academy

In addition to the schools detailed above, there are plans for further Church of England primary schools from the Coventry and Warwickshire area to join the multi academy trust from 1 September 2014.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)**OBJECTIVES AND ACTIVITIES****Objects and Aims**

The multi academy trust's objects are specifically restricted to the following: -

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 with a designated Church of England religious character ("the Academies") offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the relevant funding agreement), and in having regard to the advice of the Diocesan Board of Education.

To achieve this, the multi academy trust identified the following aspirational and measurable outcomes for each individual academy for the period: -

- Every lesson to be good or better.
- Every child to make at least, and for many, above national expectations in both attainment and progress.
- Every academy to be well led and governed.
- All teachers motivated to self-improve and aspire to excellence.
- All academies to be judged good or better at Section 48 Inspections.

Strategies and Activities

To meet these priorities the Trust has appointed an operational team who have adopted a number of strategies and activities that include: -

- Identify with individual academies what a good and outstanding lesson look like.
- Implement a standard template for monitoring and reporting progress of each child.
- Encourage outwardly facing Senior Leaders, who seek best practice from cutting-edge and innovative schools (both within the Multi-Academy Trust but also with the wider Diocese of Coventry).
- Introduce and embed the Diocesan school improvement model to develop quality teaching within the academies.
- Work in partnership with the Diocesan Board of Education to develop the Christian distinctiveness of each Academy so that they can provide an inspirational and holistic education which enables all children and staff to develop and achieve to their full potential.
- Offer central support with recruitment of staff, particularly in the areas of finance and senior leadership.

Public Benefit

Trustees have consideration to the Charity's Commission's general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the multi academy trust's objective is to advance for the public benefit education in the United Kingdom.

STRATEGIC REPORT**Achievements and Performance**

The Diocese of Coventry Multi Academy Trust achievements in 2013-14 include:

- conversion of a further 6 schools to academy status
- the ongoing work undertaken in developing a shared services model to realise economies of scale and reduce costs for the academies
- the ongoing close working relationship between the academies and sponsor to share knowledge and expertise, to seek out best practice and to realise the vision of the Trust.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

Stretton Church of England Academy and St Laurence's Church of England Primary School are in their second year of operation as academies and they have just received their second set of Key Stage 2 results since converting to academy status.

Achievement of pupils at Stretton Church of England Academy

Stretton Church of England Academy has had an exceptional year, drastically improving the quality of learning within the Academy. The key achievement at Stretton was the Key Stage 2 results which were all outstanding for both attainment and progress, with 95% of the children reaching at least the nationally expected target of Level 4+ in combined reading, writing and maths. All the Level 5 results were above national targets, value added was significantly above national targets for most groups, 2 levels progress was above national targets for all pupils, including disadvantaged pupils and significantly results for 3 levels of progress was above average for disadvantaged pupils. This outstanding performance has been achieved by a skilled leadership team producing consistently good teaching throughout Key Stage 2. Key Stage 1 results are around the national average with the focus now on bringing them to the same standard as Key Stage 2. Children in the academy are confident and happy with excellent learning behaviours and attitudes.

Achievement of pupils at St. Laurence's Church of England Primary School

Key Stage 1 results this year were significantly above the national average. This cohort had the same outstanding teacher from Foundation Stage to the end of Year 2 and this teacher is now leading the Foundation Stage. At Key Stage 2 the average point score has continued to improve year on year, bringing the Academy to within a fraction of a point of the national average. Year 6 pupils were still making up for a previous lack of progress resulting from their history but they made good progress in their academic year. The Executive Headteacher has worked closely with the Head of Academy resulting in improved teaching throughout all year groups. Staff know that the focus is on improving progress in Key Stage 2, with a particular emphasis on underachieving white working class boys. The Academy has made some exceptional achievements in music, particularly with pupils in Key Stage 2, who now all learn a musical instrument. The Academy Orchestra has even been asked to play at the Conservatoire in Birmingham.

Achievement of pupils at St Bartholomew's Church of England Academy

The Foundation Stage has significantly improved the number of pupils achieving a 'good level of development' over the last twelve months. Good teaching in the Nursery has impacted the learning in the Reception class, which looks set to continue this year. Pupils made good progress from their starting points, which overall were below typical levels on entry, with most pupils making above expected levels by the end of the year. Results for reading, writing and maths at end of Key Stage 1 has improved year on year and is above the national average at Level 2+. Attainment results at the end of Key Stage 2 were disappointing though not unexpected but more importantly the pupils made good progress from a low starting point despite historical issues at the Academy. The Academy has successfully worked on engaging traditionally disengaged parents through a variety of activities and this is having a positive impact on the pupils' learning behaviours and attitudes. This, alongside the steadily improving teaching and leadership team, has allowed the Academy to confidently set aspirational targets for all classes this year.

Achievement of pupils at Queens Church of England Academy

The combined Level 4+ reading, writing and maths results for Queens Church of England Academy improved from 18% to 72% this year. This is a 53% rise on the figures for 2013, which is outstanding progress for the Academy and puts it as the most improved primary schools in the country. This is a result of improved leadership and teaching, which was emergent and steady in 2013-14 but under the new Head of Academy is now judged to be rapid and significant. Teaching is consistently good in most classes with rigorous monitoring and coaching to ensure all teachers have high expectations of their pupils and also the skills to ensure the pupils make more than expected progress this year. The main difference in the Academy is the atmosphere which has changed beyond recognition as pupils are taking ownership of their learning and thriving in a culture of encouragement and ambition.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)*Achievement of pupils at Harris Church of England Academy*

Harris Church of England Academy has had another triumphant year of improvement. Headline figures of 5A*-C including English and Maths has increased by 5%, reaching 55%. This is the first time the Academy has been above national average in the history of the school. 3% of this improvement can be directly linked to the reorganisation and restructuring of the senior leadership team under the new headteacher, put in place by the MAT. English and maths A*-C grades are above national average and expected progress has held steady at 66%. Within these figures are the notable facts that high attainers achieved above national average progress in English and maths, notable in a local area where there is an existing grammar school structure in competition. The progress of pupil premium students has continued to improve with the gap narrowing by 2% between them and their peers in English and maths. The academy has made substantial savings over the year in the face of a falling role and remains fully staffed for the current academic year.

Achievement of pupils at St James Church of England Academy

Results at the end of 2014 show that maths was the most successful subject with above national figures at Level 4+ and 5+ for attainment and above national figures for both 2 and 3 levels progress. Results for Level 4+ in reading were also above national figures, with 2 levels progress in reading at the same level as national figures. However, the in-year data for 2013-14 across all year groups except year 3 was of concern at the end of 2014, particularly in writing. This term has seen a change of leadership following the resignation of the Headteacher and the Academy has focused on improving the children's writing in a variety of ways with some evidence of positive impact already being seen. This again has been addressed through leaders equipping teachers to raise pupils' expectations in order to raise their achievements.

Achievement of pupils at St Nicolas Church of England Academy

The Academy can be justifiably proud of their results in all areas at the end of 2014. Foundation Stage pupils achieved the national 'good level of development'. Key Stage 1 have performed significantly above the expected levels for 4 years continuously. Pupils attained significantly above national figures in combined reading, writing and maths and above national figures in writing at Level 4+. Academy staff are focusing attention on challenging more able pupils throughout the academy with the aim of improving on attainment at level 5+ next year. Value added progress and figures for 2 and 3 levels of progress for all groups were all above national figures, which is arguably an outstanding achievement. The Academy's system of monitoring, which involves all staff, ensures the consistency of good and outstanding teaching throughout the academy and includes high quality marking and feedback which helps to move learning forward and good learning behaviours from all pupils.

Achievement of pupils at Studley St Mary's Church of England Academy

The end of Key Stage 2 results for 2014 were the best for a long time and show steady improvement over the last 3 years moving from 63% Level 4+ in reading, writing and mathematics in 2013 to 74% in 2014. Level 5 reading, writing and mathematics increased from 12% in 2013 to 26% in 2014 due to much improved teaching, especially in Year 6 where two consistently good to outstanding teachers were appointed in September 2013. Attainment in writing at Level 4+ was above national figures. Progress also improved with figures for 3 levels of progress in reading and writing now broadly in line with national figures. However, although greatly improved from 2013, figures for 2 or 3 levels of progress in writing need to make further improvement. The Academy has addressed this through the appointment of a skilled literacy leader and the introduction of an interesting and stimulating curriculum. Reading has improved through the introduction of a systematic guided reading system called 'Accelerated Reader' which is changing children's attitude to reading.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

Key Financial Performance Indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. It is anticipated that benchmarking will be a key tool in ensuring the academy is delivering value for money.

Stretton Church of England Academy	2014	2013
Pupil numbers	174	172
Staff costs as a % of total revenue grant income*	66%	76%
Staff costs as a % of total costs*	67%	69%
Capital expenditure per pupil	£517	-
St Laurence's Church of England Primary School	2014	2013
Pupil numbers	387	356
Staff costs as a % of total revenue grant income*	72%	72%
Staff costs as a % of total costs*	75%	71%
Capital expenditure per pupil	£346	-
St Bartholomew's Church of England Academy	2014	2013
Pupil numbers	303	N/A
Staff costs as a % of total revenue grant income	60%	N/A
Staff costs as a % of total costs	72%	N/A
Capital expenditure per pupil	£409	N/A
Queens Church of England Academy	2014	2013
Pupil numbers	140	N/A
Staff costs as a % of total revenue grant income	57%	N/A
Staff costs as a % of total costs	66%	N/A
Capital expenditure per pupil	£457	N/A
Harris Church of England Academy	2014	2013
Pupil numbers	841	N/A
Staff costs as a % of total revenue grant income	67%	N/A
Staff costs as a % of total costs	81%	N/A
Capital expenditure per pupil	£306	N/A
St James Church of England Academy	2014	2013
Pupil numbers	230	N/A
Staff costs as a % of total revenue grant income	67%	N/A
Staff costs as a % of total costs	80%	N/A
Capital expenditure per pupil	-	N/A
St Nicolas Church of England Academy	2014	2013
Pupil numbers	420	N/A
Staff costs as a % of total revenue grant income	67%	N/A
Staff costs as a % of total costs	77%	N/A
Capital expenditure per pupil	£10	N/A
Studley St Mary's Church of England Academy	2014	2013
Pupil numbers	215	N/A
Staff costs as a % of total revenue grant income	48%	N/A
Staff costs as a % of total costs	76%	N/A
Capital expenditure per pupil	£51	N/A

* % adjusted for the LGPS pension liability inherited on 1 April 2014

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)**Going Concern**

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

FINANCIAL REVIEW**Overview**

The principal source of funding for the academy is the General Annual Grant together with the start up grant. Most of the multi academy trust income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The multi academy trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2014 the net book value of fixed assets was £36,096,000 (2013:£4,451,000) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government Pension Scheme (LGPS) figures as at 31 August 2014 are based on projecting forward the estimated position at 1 September 2013 and assuming that the experience over the period, apart from investment returns, has been in line with the assumptions made at the start of the period.

The estimated FRS17 deficit at 31 August 2014 is £4,615,000 which compares to a deficit of £941,000 at 31 August 2013.

The main reason for the increase in the deficit is because of:

- lower assumed rate of salary increases;
- higher assumed rate of future deferred pension revaluation and pension increases in payment;
- the difference between employer contributions and the service cost over the year;
- asset return over the year different to assumptions;
- assets at the date of admission to the fund were on a partially funded rather than fully funded basis;
- increased longevity of retiring members.

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS17 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The Trust's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of delegation
- Financial regulations
- Risk management policy

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)**Reserves policy**

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of reserves for the current number of academies should be equivalent to 4 weeks expenditure, approximately £900,000. The level of reserves will be reviewed and adjusted as new academies join the multi academy trust. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Any surplus reserves built up by the Academy are earmarked to cover:

- planned capital expenditure;
- improve the quality of learning and social spaces within the academy;
- forecast increases in employer contributions to the Local Government Pension Scheme.

Financial position

The Academy held fund balances at 31 August 2014 of £33,012,000 (2013:£3,714,000), after allowing for the pension deficit of £4,615,000 (2013:£941,000); comprising £36,392,000 (2013:£4,464,000) of restricted funds and £1,235,000 (2013:£191,000) of unrestricted general funds.

Investment Policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments are one of minimum risk with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. This policy will be reviewed in the year ending 31 August 2015. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

At the time of reporting, the trust's identified key risks are:

- The risk of achievement in core subjects being below expectations;
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection and safeguarding, the Charity Commission and the National Curriculum;
- Financial Risk - not operating within budget and running a deficit, changes in funding, falling pupil numbers, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation;
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information;
- Condition of buildings acting as a barrier to achievement.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The major risks to which the multi academy trust is exposed have been identified on the academy's Risk Register and are identified in the Financial Review on page 7. Trustees have reviewed the risks to which the multi academy trust is exposed and systems and procedures have been put in place to manage these.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)**Plans for future periods**

The deficit position of the Local Government Pension Scheme may result in an increase in employers pension contributions over a period of years. It is intended that the Academy will revisit its current business plans and budgets and ascertain how the pension costs might impact on the budgets in the future.

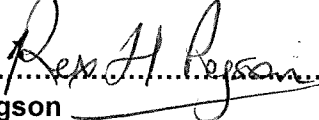
Auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a strategic report was approved by the board of trustees as the company directors on 1 December 2014 and signed on their behalf by:

.....


R H Pogson
Chair of Trustees
1 December 2014

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that The Diocese of Coventry 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

The board of trustees has delegated the day-to-day responsibility to the Head of MAT and Accounting Officer, D Morris, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Diocese of Coventry Multi-Academy Trust and the Secretary of State for Education. The Head of MAT is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a Possible
R H Pogson - Chair	4	6
D Morris - Head of MAT	6	6
A J Kennedy	6	6
S J Lloyd	5	6
H J Brookes	-	-
M C Cleveland	-	-
E Leech	-	-
M F Owen	-	-
L Wainscot	5	5
D J Briggs	4	5
J A Wade	4	5
P E Law	1	1

The **Audit Committee** is a sub-committee of the main governing body. Its purpose is to develop the audit direction and governance procedures of the trust on financial matters. This committee was formed on 1 December 2014 and will discuss resources and audit matters that were previously discussed at the board of trustees. This committee is expected to meet at regular intervals during 2014/15.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)**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 multi academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Diocese of Coventry Multi-Academy Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees is reviewing the key risks to which the multi 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 multi academy trust's significant risks that has been in place for the year ending 31 August 2014 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 Diocese of Coventry Multi-Academy Trust 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 body;
- regular reviews by the board of trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint two internal auditors, Warwickshire Education Services for the former schools transferred from Coventry City Council and Coventry Education Services for the schools transferred from Warwickshire City Council. The internal auditors role includes giving advice on financial matters and performing a range of checks on the multi academy trust's financial systems. On a termly basis, the internal auditors will provide reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees financial responsibilities. During the year the internal auditors have identified a number of control weaknesses with recommendations for improvement, which the management and trustees of the MAT will action as soon as possible during 2014/15.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)**Review of Effectiveness**

As Accounting Officer, of The Diocese of Coventry Multi-Academy Trust, the Head of MAT has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the board of trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

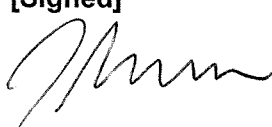
Approved by order of the members of the board of trustees on 1 December 2014 and signed on its behalf by:

[Signed]



R H Pogson
Chair of Trustees

[Signed]



D Morris
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2014

As accounting officer of The Diocese of Coventry Multi-Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 the EFA.

[Signed]

A handwritten signature in black ink, appearing to be 'D Morris', written in a cursive style.

D Morris
Accounting Officer

1 December 2014

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2014

The trustees (who act as governors of The Diocese of Coventry Multi-Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any
- material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

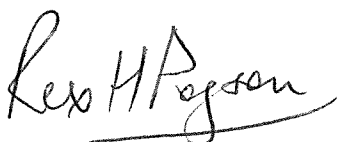
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 1 December 2014 and signed on its behalf by:

[Signed]



R H Pogson
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2014

We have audited the financial statements of The Diocese of Coventry Multi-Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Income and Expenditure account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who are also the directors of the multi 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the multi academy trusts circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

.....
Malcolm Winston
Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9-11 Vittoria Street
Birmingham
B1 3ND

1 December 2014

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2014

In accordance with the terms of our engagement letter dated 12 May 2014 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2013 to 2014 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the multi academy trust during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Diocese of Coventry Multi-Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Diocese of Coventry Multi-Academy Trust funding agreement with the Secretary of State for Education dated 26 March 2013, and the Academies Financial Handbook extant from 1 September 2013 (updated October 2013) 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 2013 to 2014. 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 year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 to 2014 issued by the EFA. 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 multi academy trust's income and expenditure.

Summary of the work undertaken was as follows:

- Analytical review of the multi academy trust's general activities are within the multi academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

Approach (con't)

- Review of the general control environment for the multi academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the multi academy trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the multi academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the multi academy trust's charitable objectives.

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 year 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....
Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

1 December 2014

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2014

(Including Statement of Total Recognised Gains and Losses)

		Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2014 £'000	Total 27.02.13 to 31.08.13 £'000
	Note					
Incoming resources						
<i>Incoming resources from generated funds:</i>						
- Voluntary income						
Trf'd from local authority on conversion	3	1,181	(2,799)	31,350	29,732	4,693
School fund	3	-	51	-	51	12
Donations	3	6	-	-	6	-
- Activities for generating funds	4	121	15	-	136	23
- Investment income	5	2	-	-	2	-
<i>Incoming resources from charitable activities:</i>						
- Funding for the multi academy trust's educational operations	6	-	10,143	655	10,798	1,117
Total incoming resources		1,310	7,410	32,005	40,725	5,845
Resources expended						
<i>Cost of generating funds:</i>						
- Costs of generating voluntary income		137	29	-	166	-
- Investment management costs						
<i>Charitable activities:</i>						
- multi academy trust's educational operations	7 & 8	125	9,478	388	9,991	2,120
<i>Governance costs</i>	9	-	562	-	562	80
Total resources expended	7	262	10,069	388	10,719	2200
Net incoming/(outgoing) resources before transfers		1,048	(2,659)	31,617	30,006	3,645
Gross transfers between funds	16	(4)	(24)	28	-	-
Net income/(expenditure) for the year		1,044	(2,683)	31,645	30,006	3,645
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension schemes	26	-	(708)	-	(708)	69
Net movement in funds		1,044	(3,391)	31,645	29,298	3714
Reconciliation of funds						
Funds brought forward at 1 September 2013		191	(928)	4,451	3,714	-
Funds carried forward at 31 August 2014	16	1,235	(4,319)	36,096	33,012	3,714

All of the multi academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2014

		Total 27 February 2013 to 31 August 2013	Total 2014 31 August 2013
	Note	£'000	£'000
Income			
DfE/EFA General annual grant (GAG)	2 & 6	8,253	1,057
Other DfE/EFA grants	6	2,202	60
Other government grants	6	343	-
Funds generation	4	136	23
Investment income	5	2	-
Trf'd from local authority on conversion	3	29,732	4,693
Other income	3	57	12
Total income		<u>40,725</u>	<u>5,845</u>
Expenditure			
Staff costs	7	7,648	1,829
Non pay expenditure			
- Premises	7	428	29
- Supplies and services	7	1,261	245
- Other	7	994	69
Depreciation	7 & 14	388	28
Total expenditure	7	<u>10,719</u>	<u>2,200</u>
Net income for the year		<u>30,006</u>	<u>3,645</u>

The income and expenditure account is derived from the statement of financial activities on page 23 which, together with the notes to the financial statements on pages 27 to 49 provides full information on the movements during the year/period on all the funds of the multi academy trust.

All of the multi academy trust's activities derived from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	14	<u>36,096</u>	<u>4,451</u>
		<u>36,096</u>	<u>4,451</u>
Current assets			
Debtors	15	686	337
Cash at bank and in hand		<u>2,643</u>	<u>243</u>
		<u>3,329</u>	<u>580</u>
Current liabilities			
Creditors: Amounts falling due within one year	16	<u>(1,798)</u>	<u>(376)</u>
Net current assets		<u>1,531</u>	<u>204</u>
Total assets less current liabilities		37,627	4,655
Net assets excluding pension liability		<u>37,627</u>	<u>4,655</u>
Pension scheme liability	27	(4,615)	(941)
Net assets including pension liability		<u><u>33,012</u></u>	<u><u>3,714</u></u>
Funds of the Academy:			
Restricted funds			
- Restricted fixed asset fund	17	36,096	4,451
- Restricted general fund	17	296	13
- Pension reserve	17	<u>(4,615)</u>	<u>(941)</u>
Total Restricted Funds		<u>31,777</u>	<u>3,523</u>
Unrestricted funds			
- General fund	17	<u>1,235</u>	<u>191</u>
Total Unrestricted Funds		<u>1,235</u>	<u>191</u>
Total		<u><u>33,012</u></u>	<u><u>3,714</u></u>

The financial statements on pages 23 to 26 were approved by the trustees and authorised for issue on 1 December 2014 and signed on their behalf by:

.....*Rex H. Pogson*.....
R Pogson
Chair of Trustees

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	21	1,245	17
Cash transferred on conversion to a multi academy trust	29	1,181	226
Returns on investments and servicing of finance	22	2	-
Capital expenditure	23	(28)	-
Increase in cash in the year	24	<u>2,400</u>	<u>243</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013	24	243	-
Net funds at 31 August 2014	24	<u><u>2,643</u></u>	<u><u>243</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014**1 Statement of Accounting Policies****Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion of State Maintained School to a Multi Academy Trust

The conversion from a state maintained school to a multi academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from The Diocese of Coventry Multi-Academy Trust to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Diocese of Coventry Multi-Academy Trust Limited. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/ net expenditure in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in note 29.

Going Concern

The trustees 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 company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the multi academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

- **Sponsorship income**

Sponsorship income provided to the multi academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

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

- **Other income**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

- **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the multi academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the multi academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with multi academy trust's policies.

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at open market value in accordance with the accounting standard FRS15 Tangible Fixed Assets every 5 years. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Resources Expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the multi academy trust's educational operations.

- **Governance Costs**

These include the costs attributable to the multi academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds depreciation on such assets is charged to the unrestricted fund.

Assets costing less than £1,000 are written off in the year of acquisition. All other assets are capitalised.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Leasehold buildings	2.00%
Furniture and equipment	10% -15%
Computer equipment and software	33.33%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)**Depreciation (continued)**

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Taxation

The multi 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 multi 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.

Pensions Benefits

Retirement benefits to employees of the multi academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the multi academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the multi 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 quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi employer scheme and the multi academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the multi 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the multi academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education and other funders where the asset acquired or created is held for a specific purpose.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. (See note 17)

3 VOLUNTARY INCOME

	Unrestricted Funds	Restricted Funds	Total 27 February 2013 to 31 August 2013
	£'000	£'000	£'000
CCC fixed assets donation	-	4,618	4,618
WCC fixed assets donation	-	26,732	26,732
CCC prior years surplus b/fwd	189	-	189
WCC prior years surplus b/fwd	660	-	660
CCC LGPS pension deficit transferred	-	(657)	(657)
WCC LGPS pension deficit transferred	-	(2,142)	(2,142)
School Sports Partnership fund transferred on conversion	332	-	332
School fund	-	51	51
Donations	6	-	6
	<u>1,187</u>	<u>28,602</u>	<u>29,789</u>

4 ACTIVITIES FOR GENERATING FUNDS

Consultancy support	-	-	-	20
Lettings income	6	-	6	-
Sports Centre income	56	-	56	-
School Sports Partnership income	13	-	13	-
Sundry income	61	-	61	3
	<u>136</u>	<u>-</u>	<u>136</u>	<u>23</u>

5 INVESTMENT INCOME

Bank interest received	2	-	2	-
	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

6 FUNDING FOR THE MULTI ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000	Total 27 February 2013 to 31 August 2013 £'000
DfE/EFA Capital grants				
. Devolved formula capital grant	-	64	64	-
. ACMF	-	591	591	-
	-	655	655	-
DfE/EFA Revenue grants				
. General annual grant (GAG) (note 2)	-	8,253	8,253	1,057
. ACMF	-	174	174	-
. Start up grant	-	450	450	-
. School improvement grant	-	74	74	-
. Pupil premium grant	-	575	575	54
. Sponsorship grant	-	240	240	-
. PE and sports grant	-	34	34	-
. Other DfE/EFA grant	-	-	-	6
	-	9,800	9,800	1,117
Other Government grants				
. Year 7 catch up grant - WCC	-	18	18	-
. Teach first	-	1	1	-
. Birmingham university grant	-	1	1	-
. Special needs grant - WCC	-	70	70	-
. Special needs grant - CCC	-	1	1	-
. Pupil premium grant - WCC	-	64	64	-
. Class size funding grant - CCC	-	28	28	-
. Early years funding grant - CCC	-	72	72	-
. High needs top up grant - CCC	-	9	9	-
. Increased form of entry grant - CCC	-	55	55	-
. PE and sports grant - WCC	-	5	5	-
. Pupil premium grant - CCC	-	4	4	-
. SGO grant - Sport England	-	10	10	-
. Bikeability grant - WCC	-	5	5	-
	-	343	343	-
	-	10,798	10,798	1,117

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

7 RESOURCES EXPENDED

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other Costs	2014	27 February 2013
	£'000	£'000	£'000	£'000	to 31 August 2013 £'000
Costs of generating voluntary income	<u>117</u>	<u>11</u>	<u>38</u>	<u>166</u>	<u>-</u>
Academy's educational operations					
. Direct costs	6,011		323	6,334	746
. Allocated support costs	<u>1,520</u>	<u>816</u>	<u>1,321</u>	<u>3,657</u>	<u>1,374</u>
	<u>7,531</u>	<u>816</u>	<u>1,644</u>	<u>9,991</u>	<u>2,120</u>
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>562</u>	<u>562</u>	<u>80</u>
	<u>-</u>	<u>-</u>	<u>562</u>	<u>562</u>	<u>80</u>
	<u>7,648</u>	<u>827</u>	<u>2,244</u>	<u>10,719</u>	<u>2,200</u>
Incoming/outgoing resources for the year include:				£'000	£'000
Operating leases:					
Plant and machinery				<u>35</u>	<u>14</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Total 27 February 2013 to 31 August 2013	
	Total 2014 £'000	Total 31 August 2013 £'000
<i>DIRECT COSTS</i>		
Teaching and educational support staff costs	6,012	716
Capitation including books	118	8
Materials	6	11
Examination fees	54	1
Staff development and training	46	4
Educational services	29	-
College fees	-	1
Music instruction	29	4
Other direct costs	40	1
	<u>6,334</u>	<u>746</u>
	Total 27 February 2013 to 31 August 2013	
	Total 2014 £'000	Total 31 August 2013 £'000
<i>ALLOCATED SUPPORT COSTS</i>		
Support staff costs	1,520	1,113
Depreciation	388	28
Building maintenance	381	28
Electricity	75	7
Gas	46	5
Water rates	24	7
General rates	24	3
Postage	8	1
Printing, stationery and reprographics	75	2
Security and transport	39	6
Insurance	110	36
Coventry City Council (CCC) - catering, ICT, finance and personnel services	245	80
Warwickshire County Council (CCC) - catering, ICT, finance and personnel services	62	-
Advertising and publicity	21	1
Equipment - other	76	14
Furniture	26	5
Contracts, leases and rentals	52	1
Cleaning and janitorial contracts	70	12
Refuse collection	8	1
Ground maintenance	47	7
Telephones	23	3
ICT - software and PFI licences	81	10
Other support costs	256	4
	<u>3,657</u>	<u>1,374</u>
Total direct and support costs	<u>9,991</u>	<u>2,120</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

	Total 2014 £'000	Total 27 February 2013 to 31 August 2013 £'000
9 GOVERNANCE COSTS		
Legal and professional fees	528	73
Audit of financial statements	27	6
Accountancy and other services	4	1
	<u>559</u>	<u>80</u>

10 STAFF COSTS**a Staff costs**

	2014 £'000	27 February 2013 to 31 August 2013 £'000
Staff costs during the period were:		
Wages and salaries	5,618	606
Social security costs	377	40
Other pension costs	<u>1,028</u>	<u>1,102</u>
	<u>7,023</u>	<u>1,748</u>
Supply teachers costs	528	81
Staff restructuring costs	<u>97</u>	<u>1</u>
	<u>7,648</u>	<u>4,551</u>

b Staff severance payments

Included in staff restructuring costs are non statutory/non contractual severance payment totalling £97,049 (2013 : £1,000). 7 (2013:Nil) non contractual payments exceeded £5,000 and these were for £10,000, £14,500, £6,150, £11,650, £41,000, £6,500 and £7,249.

c Staff numbers

The average number of persons (including senior management team) employed by the academy trust during the year ended 31 August 2014 expressed as full time equivalents was as follows:

	2014 No	27 February 2013 to 31 August 2013 No
Charitable Activities		
Teachers	111	37
Administration and support	151	24
Management	<u>36</u>	<u>13</u>
	<u>298</u>	<u>74</u>
Governance activities	<u>-</u>	<u>-</u>
	<u>298</u>	<u>74</u>

d Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	No	No
£70,001 - £80,000	<u>1</u>	<u>-</u>

The one employee above participated in the Teachers Pension Scheme. During the year ended 31 August 2014 employer's pension contributions for this member of staff amounted to £10,117 (2013:Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

11 CENTRAL SERVICES

The multi academy trust has provided the following central services to Stretton Church of England Academy, St Laurence's Church of England Primary School, St Bartholomew's Church of England Academy, Queens Church of England Primary School, Harris Church of England Academy, St James's Church of England Academy, St Nicolas Church of England Primary School and Studley St Mary's Church of England Academy during the year:

- human resources;
- financial services;
- legal services;
- educational support services;
- accounting services;

The multi academy trust charges for these services a flat percentage of 5% of all general annual grant and ESG income.

The actual amounts charged during the year/period were as follows:

	27 February 2013 to	
	2014	31 August 2013
	£'000	£'000
Stretton Church of England Academy	46	20
St Laurence's Church of England Primary School	79	33
St Bartholomew's Church of England Academy	68	-
Queens Church of England Academy	26	-
Harris Church of England Academy	144	-
St James Church of England Academy	17	-
St Nicolas Church of England Academy	22	-
Studley St Mary's Church of England Academy	7	-
	<u>409</u>	<u>53</u>

12 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

The Head of MAT receives remuneration in respect of services provided undertaking the role of Head of MAT and Accounting Officer and not in respect of services provided as a Trustee. The trustees of the multi academy trust did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees remuneration was as follows:

D Morris - Head of MAT £60,000 - £65,000

During the year ended 31 August 2014 (2013: £nil) there were no travel and subsistence expenses reimbursed to trustees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

13 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 year ended 31 August 2014 was £3,377 (2013: £1,518). The cost of this insurance is included in the total insurance cost.

14 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2013	4,479	-	-	4,479
Transfer on conversion	31,350	-	-	31,350
Additions	-	675	8	683
Disposals	-	-	-	-
At 31 August 2014	<u>35,829</u>	<u>675</u>	<u>8</u>	<u>36,512</u>
Depreciation				
At 1 September 2013	28	-	-	28
Charged in year	375	13	-	388
Disposals	-	-	-	-
At 31 August 2014	<u>403</u>	<u>13</u>	<u>-</u>	<u>416</u>
Net book value				
At 31 August 2014	<u>35,426</u>	<u>662</u>	<u>8</u>	<u>36,096</u>
At 31 August 2013	<u>4,451</u>	<u>-</u>	<u>-</u>	<u>4,451</u>

The academy's leasehold land and buildings were donated to the academy by Coventry City Council (CCC) and Warwickshire County Council (WCC) on 125 year leases at a pepper corn rent. An existing use valuation and useful asset life assessment was prepared in accordance with the requirements of the accounting standard FRS15 Tangible Fixed Assets for each of the academy's that converted. The leasehold land and buildings gifted had a depreciated replacement cost value for: Stretton Church of England Academy £2,097,000; St Laurence's Church of England Primary School £2,354,000; St Bartholomew's Church of England Academy £4,618,000; Queens Church of England Academy £1,167,000; Harris Church of England Academy £16,615,000; St James Church of England Academy £2,770,000; St Nicolas Church of England Academy £3,676,600 and Studley St Mary's Church of England Academy £2,504,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

	2014 £'000	2013 £'000
15 DEBTORS		
Trade debtors	31	21
VAT recoverable	235	51
Other debtors	310	248
Prepayments	110	17
	<u>686</u>	<u>337</u>
16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	189	38
Taxation and Social Security	181	18
Other creditors	74	1
Accruals	1,046	104
Deferred income	308	215
	<u>1,798</u>	<u>376</u>

Deferred Income	2014 £'000
Deferred income at 1 September 2013	215
Resources deferred in the year	308
Amounts released from previous years	(215)
Deferred income at 31 August 2014	<u>308</u>

At the balance sheet date the academy was holding funds received in advance for 2014/15 by Central Services: £8,102 (2013: £nil); St Laurence's Church of England Primary School: £40,389 (2013: £55,857) Stretton Church of England Academy £30,531 (2013 : £43,256); Harris Church of England Academy £111,169 (2013 : £Nil); Queens Church of England Academy £19,763 (2013: £Nil); St Bartholomew's Church of England Academy £49,567 (2013 : £Nil); St James Church of England Academy: £6,678 (2013: £Nil); St Nicolas Church of England Academy: £41,284 (2013: £N/A) and Studley St Mary's Church of England Academy: £127 (2013: £Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

17 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2013 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2014 £'000
Restricted general funds					
General annual grant (GAG) (note i)	1	8,253	(8,068)	-	186
ACMF - Revenue (note ii)	-	174	(174)	-	-
Start up grant (note iii)	-	450	(445)	(5)	-
School improvement grant (note iv)	-	74	(60)	(14)	-
Pupil premium grant (note v)	-	575	(575)	-	-
Sponsorship grant (note vi)	-	240	(204)	-	36
PE and sports grant (note vii)	-	34	(22)	-	12
PE and sports grant - WCC (note vii)	-	5	-	(5)	-
Year 7 catch up (note viii)	-	18	(18)	-	-
Teach first (note ix)	-	1	(1)	-	-
Birmingham City University grant (note x)	-	1	(1)	-	-
Special needs grant - WCC (note xi)	-	70	(70)	-	-
Special needs grant - CCC (note xi)	-	1	(1)	-	-
Pupil premium grant - CCC (note v)	-	64	(64)	-	-
Pupil premium grant - WCC (note v)	-	4	(4)	-	-
Class size funding grant - CCC (note xii)	-	28	(28)	-	-
Early years funding grant - CCC (note xiii)	-	72	(72)	-	-
High needs top up grant - CCC (note xiv)	-	9	(9)	-	-
Increased entry grant - CCC (note xv)	-	55	(55)	-	-
SGO grant - Sport England (note xvi)	-	10	(10)	-	-
Bikeability grant - WCC (note xvii)	-	5	(5)	-	-
School funds (note xviii)	12	51	(1)	-	62
	13	10,194	(9,887)	(24)	296
Restricted fixed asset funds					
Fixed assets donation - CCC (note xix)	4,451	4,618	(145)	-	8,924
Fixed assets donation - WCC (note xix)	-	26,732	(230)	-	26,502
Devolved formula capital grant (note xx)	-	64	(4)	28	88
ACMF - capital (note xx)	-	591	(9)	-	582
Total restricted funds	4,451	32,005	(388)	28	36,096
Restricted pension scheme liability					
Pension reserve (note xxi)	(941)	(2,799)	(167)	(708)	(4,615)
	(941)	(2,799)	(167)	(708)	(4,615)
Total restricted funds	3,523	39,400	(10,442)	(704)	31,777
Unrestricted funds					
Unrestricted funds	2	144	(146)	-	-
CCC prior years surplus b/fwd	189	189	(25)	-	353
WCC prior years surplus b/fwd	-	660	(26)	(4)	630
School Sports Partnership funds	-	332	(80)	-	252
Total unrestricted funds	191	1,325	(277)	(4)	1,235
Total funds	3,714	40,725	(10,719)	(708)	33,012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

17 FUNDS (Continued)

Notes

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2014. (see note 2)
- ii) Academy capital maintenance fund - revenue has been used for school improvement repairs.
- iii) Start up grant has been used to acquire stocks of teaching and learning materials and to support the start up costs of various academies.
- iv) School improvement grant has been used to provide leadership support, curriculum redesign and staff restructuring.
- v) Pupil premium grant has been used to support children from low income families placed in the MAT.
- vi) Sponsorship grant used for development of courses, legal advice and project management.
- vii) PE and Sports grant used for enhancing sports facilities and supporting the teaching of sport.
- viii) Year 7 catch up grant has been used to provide additional support in reading and/or maths not achieving level 4.
- ix) Teach first grant has been received from Teach First to support the training of new teachers.
- x) Birmingham City University grant has been received to support the training of new teachers.
- xi) Special needs grant has been used to support enhanced learning for children with special educational needs.
- xii) Class size funding grant has been used to maintain and reduce class sizes by employment of additional teaching staff.
- xiii) Early years funding has been used to provide teaching support for younger children.
- xiv) High needs top up grant has been used to support enhanced learning for children with special educational needs.
- xv) Increased form of entry grant has been used to support teaching in the increased numbers of new pupils.
- xvi) SGO grant has been used to improve the organisation of school sport.
- xvii) Bikeability grant has been used to encourage pupils in the use of their bicycles.
- xviii) School funds are contributions received from parents which are used to support the multi academy trust's activities.
- xix) Restricted fixed assets were funded by Coventry City Council and Warwickshire County Council donating academy land and buildings on a 125 year lease at a pepper corn rent.
- xx) Restricted fixed asset additions were funded by government grants and transfers from restricted and unrestricted funds.
- xxi) The pension reserve represents the deficit on the Local Government Pension Scheme. (see note 27)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2014 were allocated as follows:

	Total £'000
Stretton Church of England Academy	66
St Laurence's Church of England Primary School	165
St Bartholomew's Church of England Academy	318
Queens Church of England Academy	112
Harris Church of England Academy	653
St James Church of England Academy	69
St Nicolas Church of England Academy	56
Studley St Mary's Church of England Academy	73
Central services	19
Total before fixed assets and pension reserve	<u>1,531</u>
Restricted fixed assets fund	36,096
Pension reserve	<u>(4,615)</u>
	<u>31,481</u>
Total	<u>33,012</u>

17 FUNDS (Continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding Depreciation) £'000	Total £'000
Stretton	680	133	26	368	1,207
St Laurence's	1,143	184	24	409	1,760
St Bartholomew's	1,035	169	9	469	1,682
Queens	401	101	22	235	759
Harris	2,061	741	214	447	3,463
St James	258	52	4	75	389
St Nicolas	334	48	22	95	499
Studley St Mary's	99	16	2	35	152
Central services	-	193	-	227	420
Multi Academy Trust	<u>6,011</u>	<u>1,637</u>	<u>323</u>	<u>2,360</u>	<u>10,331</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2014 are represented by:

	Unrestricted	Pension	School Fund	General	Fixed	
	Funds	Restricted	Restricted	Restricted	Assets	
	Funds	Funds	Funds	Funds	Restricted	Total
	£'000	£'000		£'000	Funds	£'000
Tangible fixed	-	-	-	-	36,096	36,096
Current assets	1,235	-	62	2,032	-	3,329
Current liabilities	-	-	-	(1,798)	-	(1,798)
Pension scheme liability	-	(4,615)	-	-	-	(4,615)
	<u>1,235</u>	<u>(4,615)</u>	<u>62</u>	<u>234</u>	<u>36,096</u>	<u>33,012</u>

19 CAPITAL COMMITMENTS

	2014	2013
	£'000	£'000
Contracted for, but not provided in the financial statements	Nil	Nil
Authorised by trustees, but not yet contracted	<u>Nil</u>	<u>Nil</u>

20 FINANCIAL COMMITMENTS

Operating

At 31 August 2014 the multi academy trust had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	Other	Other
	£'000	£'000
Operating leases		
. Within one year	8	-
. Within two to five years	31	14
. Over five years	1	-
	<u>40</u>	<u>14</u>

21 RECONCILIATION OF NET INCOME TO CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£'000	£'000
Net income	30,006	3,645
Depreciation (note 14)	388	28
Cash transferred on conversion to a multi academy trust	(1,181)	(226)
Fixed assets donation	(31,350)	(4,479)
LGPS pension deficit transfer	2,799	988
Capital grants from DfE and other capital income	(655)	-
Interest receivable	(2)	-
FRS 17 pension cost less contributions payable (note 27)	63	8
FRS17 pension finance cost (note 27)	104	14
Increase in debtors	(349)	(337)
Increase in creditors	1,422	376
Net cash inflow from operating activities	<u>1,245</u>	<u>17</u>

22 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014	2013
Interest received	<u>2</u>	<u>-</u>
Net cash inflow from returns on investment and servicing of finance	<u>2</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

23 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2014	2013
	£'000	£'000
Purchase of tangible fixed assets	(683)	-
Capital grants from DfE/EFA	655	-
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	(28)	-

	At 1		At 31 Aug
	September	Cash flows	2014
	2013		
	£'000	£'000	£'000
Cash in hand and at bank	243	2,400	2,643
	243	2400	2,643

25 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to :

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)**27 PENSION AND SIMILAR OBLIGATIONS**

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

As described in note 27 the LGPS obligation relates to the employees of the multi academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the multi academy trust at the balance sheet date.

The total pension cost to the Academy during the year ended 31 August 2014 was £1,027,769 (2013:£114,038) of which £505,769 (2013: £53,789) relates to the TPS and £522,000 (2013:£60,249) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2013.

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

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.

The Teacher's Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (continued)

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014/15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2014 was £631,000 (2013:£72,125) of which employers contributions totalled £522,000 (2013:£60,249) and employees contributions totalled £109,000 (2013:£11,876). The agreed employers contributions for future years are 18.6% (2013:15%) for Stretton Church of England Academy 15.6% (2013:13.4%), for St Laurence's Church of England Primary School 16.6% (2013:Nil), for St Bartholomew's Church of England Academy 19.7% (2013:Nil), for Queens Church of England Academy 19.7% (2013:Nil), for Harris Church of England Academy 19.7% (2013:Nil), for St James Church of England Academy School 19.7% (2013:Nil), for St Nicolas Church of England Academy 19.7% (2013:Nil), for Studley St Mary's Church of England Academy for employers 19.7% (2013:Nil) and for The Diocese of Coventry Administration Centre 19.7% (2013: 19.7%). The agreed contributions for employees are 6.5% (2013:6.5%).

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2014 % per annum	At 31 August 2013 % per annum
Discount rate	3.7%	4.5%
Inflation assumption (CPI)	2.2%	2.4%
Salary increases	4.5%	4.2%
Pension increase	2.7%	2.4%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2014 Approx Change to Employers Liability £'000	At 31 August 2013 Approx Change to Employers Liability £'000
Discount rate reduced by 0.5% per annum	906	(26)
Life expectancy at retirement increased by 1 year	191	27

The mortality assumptions used were as follows:

	At 31 August 2014 years	At 31 August 2013 years
Longevity at age 65 retiring today		
- Men	22.4	22.0
- Women	24.7	24.7
Longevity at age 65 retiring in 20 years		
- Men	24.3	23.8
- Women	26.6	26.6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (Continued)

The Academy's share of the assets and liabilities in scheme and the expected rate of return were:

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	6.3%	1,759	7.0%	238
Government Bonds	3.4%	512	3.4%	46
Other Bonds	3.8%	53	4.4%	62
Property	4.5%	269	5.7%	49
Cash	0.5%	46	0.5%	22
Other	7.0%	124	7.0%	140
Total assets		2,763		557
Present value of scheme liabilities				
- Funded		(2,763)		(557)
- Unfunded		(4,615)		(941)
Total liabilities		(7,378)		(1,498)
Deficit in the scheme		(4,615)		(941)

None of the fair values of the assets shown above include any of the academy's own financial instruments or any property occupied by, or other assets used by, the academy.

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on the scheme assets in the year was £205,000 (2013:£3,000).

Amounts recognised in the Statement of Financial Activities

	2014 £'000	2013 £'000
Deficit at conversion to academy	2,799	988
Current service cost	418	46
Past service cost	-	-
Total operating charge	3,217	1,034

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (Continued)

Local Government Pension Scheme (Continued)

	2014	2013
	£'000	£'000
Analysis of pension finance cost		
Expected return on pension scheme assets	(109)	(13)
Interest on pension liabilities	206	27
Losses on curtailments	7	-
Pension finance cost	104	14

The Actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £639,000 loss (2013:£69,000) gain.

	2014	2013
	£'000	£'000
Movement in deficit during the year/period		
Balance at 1 September 2013	941	-
Balance at admission date	2,799	988
Movement in year:		
- Employer service cost (net of employee contributions)	418	46
- Employer contributions	(355)	(38)
- Expected return on scheme assets	(109)	(13)
- Interest cost	206	27
- Losses on curtailments	7	-
- Actuarial losses/(gains)	708	(69)
Deficit in the scheme at 31 August 2014	4,615	941

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

	2014	2013
	£'000	£'000
Balance at 1 September 2013	1,498	-
Scheme liabilities at admission date	4,763	1,492
Current service cost	418	46
Interest cost	206	27
Contributions by scheme participants	109	12
Losses on curtailment	7	-
Actuarial losses/(gains)	377	(79)
Scheme liabilities at 31 August 2014	7,378	1,498

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

	2014	2013
	£'000	£'000
Balance at 1 September 2013	557	-
Fair value of scheme assets at admission date	1,964	504
Expected return on scheme assets	109	13
Actuarial losses	(331)	(10)
Contributions by employer	355	38
Benefits paid	-	-
Contributions by scheme participants	109	12
Fair value of scheme assets at 31 August 2014	2,763	557

The estimated value of employer contributions for the year ended 31 August 2015 is £590,000 (2014: £94,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (Continued)

The 5 year history of experience adjustments is as follows:

			Admission date 1 April
	2014	2013	2013
	£'000	£'000	£'000
Fair value of assets	2,763	557	504
Present value of scheme liabilities	7,378	1,498	1,492
Deficit in scheme	(4,615)	(941)	(988)
Experience adjustment on scheme assets	(331)	(10)	
Percentage of scheme assets	(12.0%)	(1.8%)	
Experience adjustment on scheme liabilities	377	-	
Percentage of scheme liabilities	5.10%	0.0%	
Actuarial loss/(gain) recognised in Statement of Financial Activities	708	(69)	
Percentage of scheme liabilities	15.30%	4.6%	

Only two years figures are available as the charitable company was established on 27 February 2013 and became an academy from 1 April 2013.

28 RELATED PARTY TRANSACTIONS

Owing to the nature of the multi academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The trust made the following purchases at arms' length in accordance with the financial regulations, which the following related parties below neither participated in, nor influenced. In entering into the transactions the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Mr L Rowan (Parent Governor, St James Church of England Academy) is secretary of Bulkington Junior Football Club, who rent out St James' pitches.

Transactions during the year with Bulkington Junior Football Club by St James Church of England Academy totalled £928 (2013: £Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

29 CONVERSION TO AN ACADEMY TRUST

On 1 April 2013 The Diocese of Coventry Multi-Academy Trust converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Diocese of Coventry Multi-Academy Trust from Coventry City Council for £nil consideration for Stretton Church of England Academy and St Laurence's Church of England Academy. From 1 September 2013, during the year, the following academies joined the multi academy trust: St Bartholomew's Church of England Academy; Queens Church of England Academy; Harris Church of England Academy; St James Church of England Academy; St Nicolas Church of England Academy and Studley St Mary's Church of England Academy and all the operations and assets and liabilities were transferred to The Diocese of Coventry Multi-Academy Trust from Coventry City Council and Warwickshire County Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding not amount recognised as net income/resources expended in the Statement of Financial Activities as voluntary income/other resources expended.

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 £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Leasehold land and buildings	-	-	31,350	31,350
Budget surplus on LA funds	849	-	-	849
School Partnership Fund	332	-	-	332
LGPS pension deficit	-	(2,799)	-	(2,799)
Net assets / (liabilities)	1,181	(2,799)	31,350	29,732

The above net assets/liabilities include £1,181,000 (2013:£226,156) that were transferred as cash.

From 1 September 2013, during the year, the leasehold land and buildings were transferred on a 125 year lease at a pepper corn rent from Coventry City Council and Warwickshire County Council to the multi academy trust.

