

Registered number: 09628754 (England and Wales)

Medway Anglican Schools Trust
(A company limited by guarantee)

Annual report and financial statements

For the period ended 31 August 2016

Medway Anglican Schools Trust
(A company limited by guarantee)

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Reference and administrative details of the academy, its trustees and advisers
For the period ended 31 August 2016

Members

Incorporated Rochester Diocesan Board of Education (appointed 8 June 2015)
P Foreman (appointed 8 June 2015)
S Burton-Jones (appointed 8 June 2015)
J Clarke, Chair of the Board of Directors (appointed 8 June 2016)

Trustees

J Clarke (appointed 8 June 2015)
S Davis, Vice Chair, Chair of Finance Committee (appointed 8 June 2015)
H Sanders (appointed 8 June 2015)
C Trice (appointed 8 June 2015)
T Hartley (appointed 5 September 2015, resigned 1 August 2016)
J Golding (appointed 5 September 2015, resigned 1 October 2015)
J Gowland-Smith (appointed 4 October 2016)

Company registered number

09628754

Company name

Medway Anglican Schools Trust

Principal and registered office

Magpie Hall Road, Chatham, Kent, ME4 5JY

Senior management team

H Sanders, Chief Executive Officer
S Corfield, Head Teacher of All Saints C of E Primary School
J Strachan, Deputy Head Teacher of All Saints C of E Primary School
P Gabbett, Head Teacher of St Margaret's C of E Junior School up to December 2015
A Pattenden, Head Teacher of St Margaret's C of E Junior School from April 2016
F Cordingley, Deputy Head Teacher of St Margaret's C of E Junior School from January 2016
L Dalmedo, Assistant Head Teacher of St Margaret's C of E Junior School
J Forder, Assistant Head Teacher of St Margaret's C of E Junior School
D West, Assistant Head Teacher of St Margaret's C of E Junior School
A Kember, Assistant Head Teacher of St Margaret's C of E Junior School up to 31 December 2015
J Collman, Head Teacher of St John's C of E Infants' School
D Brown, Senior Teacher of St John's C of E Infants' School

Independent auditors

Kreston Reeves LLP, Montague Place, Quayside, Chatham Maritime, Chatham, Kent, ME4 4QU

Bankers

Lloyds Bank plc, 142 - 146 High Street, Chatham, Kent, ME4 4DQ

Solicitors

Lee Bolton Monier Williams, 1 The Sanctuary, Westminster, London, SW1P 3JT

Medway Anglican Schools Trust
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Trustees' report
For the period ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 8 June 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates 3 primary phase academies in the Medway area: All Saints CE Primary School; St John's CE Infants School and St Margaret's CE Junior School. Its academies have a combined pupil capacity of 765 and had a roll of 773 in the school census on 18th January 2016.

Structure, governance and management

Constitution

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

The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The trustees act as the trustees for the charitable activities of Medway Anglican Schools Trust and are also the Directors of the charitable company for the purposes of company law.

The charitable company is known as Medway Anglican Schools Trust (MAST).

Details of the Trustees who served during the period are included in the Reference and administrative details on page 1.

Members' liability

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

*As required in the academy trust's funding agreement/Memorandum and Articles of Association.

Trustees' indemnities

Cover for third party liability and all indemnities are provided through the Trust's purchase of membership of Risk Protection Arrangements from DfE. There were no claims during the year 8 June 2015 to 31 August 2016.

Principal Activities

The Medway Anglican Schools Trust's Objects are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum. These will include: Church of England schools designated as such, which shall be 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, and having regard to any advice issued by the Diocesan Board of Education; and other Academies, whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual ethos whether or not designated Church of England.

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Trustees' report (continued)
For the period ended 31 August 2016

Method of recruitment and appointment or election of Trustees

Medway Anglican Schools Trust has recruited Directors who have the experience and skills to be able to lead and manage the business of the Trust. Potential candidates complete a skills audit and are interviewed by Director(s) of the Board. The Board then discuss the candidate and vote on whether to appoint. An invitation to join the Board is then made. The Board also writes to the Members to confirm that they agree with, and confirm the appointment.

The Board of Directors annually reviews its effectiveness and skills set and recommends the recruitment and appointment of Directors as a result of this process. The Trust will consider appointing Directors from the local governing bodies of its academies which has the dual effect of enhancing the skills of the Trust Board and reinforcing the relationship with governance at local governing body level. The Trust has also used the National Ambassador Scheme in order to try to recruit and appoint governors with commercial expertise in the fields of finance and estates management.

There are four first Directors who are named in the Incorporation documents and were appointed by members. The Chief Executive Officer is an ex-officio Director for the period of their being in post.

As laid out in the Articles of Association:

The number of Directors shall not be less than three, but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The members appoint a minimum of five Directors. The Local Governing Bodies appoint Parent Governors, hence in accordance with the Articles of Association there is no requirement to appoint Parent Directors, although there may be Directors who are also parents of children in the Academies. Those Directors who are appointed by members can, with the agreement of the Diocese, appoint co-opted Directors. Future Directors shall be appointed or elected, as the case may be, under the Articles of Association.

Appointment of Directors

The Members shall appoint a minimum of 5 Directors.

The Members shall ensure that the total number of Directors including the Chief Executive Officer who are employees of the Company does not exceed one third of the total number of Directors.

Currently every Academy in the Medway Anglican Schools Trust has a local governing body and each Academy has two parent governors as part of its governing body. The parent governors are elected as detailed in the extract from the Articles of Association below:

Parent Directors

In circumstances where the Directors have not appointed Local Governing Bodies in respect of the Academies as envisaged in Article 101A there shall be a minimum of 2 Parent Directors and otherwise such number as the Members shall decide who shall be appointed or elected in accordance with Articles 54 - 56.

Parent Directors and Parent members of the Local Governing Bodies or Advisory Bodies shall be elected or appointed by the parents of registered pupils at one or more of the Academies and each must be a parent at the time when he is elected or appointed.

Notwithstanding Article 53, if no parents put themselves forward for election the number of Parent Directors and Parent members of the Local Governing Bodies or Advisory Bodies required shall be made up by Parent Directors and Parent members appointed by the Directors.

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Trustees' report (continued)
For the period ended 31 August 2016

Method of recruitment and appointment or election of Trustees (continued)

The Directors shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Directors or Parent members of Local Governing Bodies or Advisory Bodies, including any question of whether a person is a parent of a registered pupil at one of the Academies. Any election of the Parent Directors or Parent members of the Local Governing Bodies or Advisory Bodies which is contested shall be held by secret ballot.

In appointing a Parent Director or Parent member of a Local Governing Body or Advisory Body the Directors shall appoint a person who is the parent of a registered pupil at an Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Chief Executive Officer

The Chief Executive Officer shall be a Director for as long as he remains in office as such.

Co-opted Directors

The Directors appointed under Article 50 with the consent of the Diocesan Board of Education may appoint up to 2 Co-opted Directors for such term (not exceeding four years) and otherwise upon such conditions as they shall think fit. A 'Co-opted Director' means a person who is appointed to be a Director by being Co-opted by Directors who have not themselves been so appointed. In accordance with Article 50A, The Directors may not co-opt an employee of the Company as a Co-opted Director if thereby the number of Directors who are employees of the Company would exceed one third of the total number of Directors including the Chief Executive Officer.

Term of Office

The term of office for any Director (other than Co-opted Directors under Article 58) shall be four years, save that this time limit shall not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Resignation and Removal

A Director shall cease to hold office if he resigns his office by notice to the Company (but only if at least three Directors will remain in office when the notice of resignation is to take effect).

A Director shall cease to hold office if he is removed by the person or persons who appointed him. This Article does not apply in respect of a Parent Director.

Where a Director resigns his office or is removed from office, the Director or, where he is removed from office, those removing him shall give written notice thereof to the Clerk.

Disqualification of Directors

No person shall be qualified to be a Director unless he is aged 18 or over at the date of his election or appointment. No current pupil or current student of any of the Academies shall be a Director.

A Director shall cease to hold office if he becomes incapable by reason of illness or injury of managing or administering his own affairs.

A Director shall cease to hold office if he is absent without the permission of the Directors from all their meetings held within a period of six months and the Directors resolve that his office be vacated.

A person shall be disqualified from holding or continuing to hold office as a Director if:

- his estate has been sequestrated and the sequestration has not been discharged, annulled or reduced; or
- he is the subject of a bankruptcy restrictions order or an interim order.

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Trustees' report (continued)
For the period ended 31 August 2016

Method of recruitment and appointment or election of Trustees (continued)

A person shall be disqualified from holding or continuing to hold office as a Director at any time when he is subject to a disqualification order or a disqualification undertaking under the Company Directors Disqualification Act 1986 or to an order made under section 429(2)(b) of the Insolvency Act 1986 (failure to pay under county court administration order).

A Director shall cease to hold office if he ceases to be a Director by virtue of any provision in the Companies Act 2006 or is disqualified from acting as a trustee by virtue of section 178 of the Charities Act 2011 (or any statutory re-enactment or modification of that provision).

A person shall be disqualified from holding or continuing to hold office as a Director if he has been removed from the office of charity trustee or trustee for a charity by an order made by the Charity Commission or the High Court on the grounds of any misconduct or mismanagement in the administration of the charity for which he was responsible or to which he was privy, or which he by his conduct contributed to or facilitated.

A person shall be disqualified from holding or continuing to hold office as a Director where he has, at any time, been convicted of any criminal offence, excluding any that have been spent under the Rehabilitation of Offenders Act 1974 as amended, and excluding any offence for which the maximum sentence is a fine or a lesser sentence except where a person has been convicted of any offence which falls under section 178 of the Charities Act 2011.

After the first Academy has opened, a person shall be disqualified from holding or continuing to hold office as a Director if he has not provided to the chairman of the Directors a criminal records certificate at an enhanced disclosure level under section 113B of the Police Act 1997. In the event that the certificate discloses any information which would in the opinion of either the chairperson or the Chief Executive Officer confirm their unsuitability to work with children that person shall be disqualified. If a dispute arises as to whether a person shall be disqualified, a referral shall be made to the Secretary of State to determine the matter. The determination of the Secretary of State shall be final.

Where, by virtue of these Articles a person becomes disqualified from holding, or continuing to hold office as a Director; and he is, or is proposed, to become such a Director, he shall upon becoming so disqualified give written notice of that fact to the Clerk.

Articles 68 to 74, Articles 77 to 79 and Articles 97 to 98 also apply to any member of any committee of the Directors, including a Local Governing Body, who is not a Director.

Policies and Procedures for the Induction and Training of Trustees

Trustees bring their key skills and experience to the Board, but may have limited experience of how Academy Trusts operate and the roles and responsibilities of the Trust Board and Local Governing Bodies.

Upon the offer of appointment being accepted, the Director is required to complete and submit a Disclosure and Barring Service form. Once the enhanced check is received and checked, the Director is formally appointed.

When a Director is appointed they undergo an induction programme which includes familiarisation with the Academies within the Medway Anglican Schools Trust and their individual characteristics. They receive an induction pack which includes key documents to read as listed:

- Articles of Association
- Scheme of delegation
- Master funding agreement
- Supplemental funding agreement
- Structure Chart
- Trustee code of conduct
- Academies Financial Handbook
- MAST financial manual
- Governance handbook
- Keeping Children Safe in Education II
- MAST Structure Chart with Names
- Last year's Board minutes
- Last year's CEO reports
- Last 2 LGB minutes from trust schools

They are given: a Medway mail e-mail address for Trust communications; a log on for Governor Hub so that they can access up to date information and book onto training for Governors; training in safeguarding, including the Prevent Module, links to the Trust Academy websites; a list of Local Governing Body Governors; copies of the Ofsted framework and safeguarding framework and the opportunity to meet with the Chief Executive Officer and to visit Academies in the Trust.

The new Director is mentored by an experienced Director who will support them in developing their skills and signpost training as needed.

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Trustees' report (continued)
For the period ended 31 August 2016

Organisational structure

The Board of Directors is ultimately responsible to the Members and the Secretary of State for Education for the performance of the Medway Anglican Schools Trust and its academies. The Directors are responsible for the strategic direction of the Trust and have the ultimate decision making authority. This is exercised by the Directors through strategic planning which details the vision, purpose and objectives of the Trust and setting of policy. It is managed through business and financial planning, budget monitoring, performance management, the setting of standards and the implementation of quality management processes.

The Chief Executive Officer implements the decisions of the Directors and is responsible for the day to day operations of the Trust. The Chief Executive Officer operates within the limits of the Trust's policies and procedures as approved by the Board of Directors and the powers delegated to them. The Chief Executive Officer is the Accounting Officer.

To ensure financial scrutiny and oversight, the Trust has a Finance Committee with the appropriate levels of delegation to undertake such scrutiny and oversight. For the purposes of internal control, review of systems and compliance with legislation and internal systems and policies, the Finance Committee acts as Audit Committee, with appropriate terms of reference. The committee monitors the systems and operations of the Trust and reviews the more detailed and independent internal audit work of a firm of accountants retained for these purposes as well as the work of the Trust's auditors. The membership of this committee is detailed in the reference and administrative section.

In order to provide increased monitoring and scrutiny of educational standards within the Trust academies, the Board of Directors has established from 1 September 2015 the Schools Standards Scrutiny Group. This group will provide detailed analysis of standards, holding academies to account for learner achievement, encourage Trust wide initiatives to monitor individual school performance and encourage school to school support.

A local governing body under an agreed scheme of delegation operates each of the Trust's academies. The local governing body is a committee of the Board of Directors. The Directors have delegated to the local governing body of each academy the powers and responsibilities detailed in their respective schemes of delegation, which were approved by the Directors. Unless a matter is identified as strategic or specifically reserved to the Directors, all power and responsibility for the academy in question is delegated to the local governing body including the expenditure of funds allocated to the academy within the limits agreed in the scheme of delegation and financial handbook. The local governing body is at liberty to delegate its powers to the Headteacher by means of a written scheme of delegation. This gives the Headteacher the responsibility and the commensurate powers to undertake the internal management of the academy so as to ensure that its day-to-day operations can be undertaken. The Headteacher carries out these responsibilities in conjunction with the leadership team.

Although not part of the Trust's formal structure, the Chief Executive Officer chairs the Management Group which consists of all the Headteachers and the Chief Finance Officer. This operational group is the lynchpin in achieving the implementation of the Trust's strategy, policies and procedures.

In order to ensure cohesion and proper systems, each local governing body is required to implement the policies and procedures laid down by the Directors. The Trust monitors the activities of each academy through the provision of local governing body minutes, educational data, financial information and internal systems reviews, which are reviewed by the Board of Directors, finance (including audit) committee as appropriate.

The Trust provides some central services; each academy must use the Trust's audited accounts and company secretarial services, including clerking and centrally procured consultants/contractors for human resources; payroll services and finance services via the interim Chief Finance Officer. The Trust is a charity and all such services will be operated for the benefit of the academies on a cost basis. The Trust reserves the right to receive a contribution to these central costs from the academies.

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Trustees' report (continued)
For the period ended 31 August 2016

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration for key management personnel is set using the school teachers pay and conditions document and guidance on school teachers pay and conditions. Each Headteacher has a pay scale range of 7 points linked to the group size of their school. The Chief Executive Officer pay point has been determined using the National Joint Council Recommendations for Local Government. All Headteachers and the Chief Executive Officer (CEO) are subject to performance management. The Trust commission an experienced external assessor, who supports the process for the CEO and all Headteachers. This ensures that there are high expectations and consistent challenge across the Trust Academies throughout the performance management process. The Headteacher performance management panel has a minimum of three members of the Local Governing Body, the CEO as an adviser and the external assessor to support the process. CEO performance management is delivered by a minimum of two Directors with the external assessor to support the process. In all cases, there is a mid-year review. Following completion and full review of the performance management cycle, the panel members make a recommendation on pay awards and these are considered by the pay committee, which from 1 September 2016 forwards consists of two Directors and one member of the Local Governing Body. Deputy Headteachers and Assistant Headteachers who are also senior leaders are performance managed by the Headteachers who make a recommendation to the pay committee on pay awards. All teachers and key management personnel complete their appraisal by 31 October and receive written confirmation of their salary by 30 November.

Member schools

The Trust is made up of:

All Saints CE Primary School	converted 1 September 2015
St John's CE Infants School	converted 1 September 2015
St Margaret's CE Junior School	converted 1 September 2015

Related Parties and other Connected Charities and Organisations

The Trust is an educational establishment currently consisting of three primary academies, which operate independently in relation to the provision of education to the learners that attend the academy. The Trust provides certain central services such as human resources, payroll, finance, internal and external audit, central policies, company secretarial support including clerking, which the academies use and it also facilitates, shared expertise and development.

In furtherance of its religious objectives the academies within the Trust are also involved in the Rochester Diocesan Family of Schools and the Medway Anglican School Heads partnership. These are voluntary collaborations to promote the Church of England religious ethos within schools and do not of themselves impact on the operations of the Trust.

Each academy is also a member of a local consortia group who meet regularly to collaborate to seek out and adopt best practice to raise standards and improve outcomes for pupils.

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Trustees' report (continued)
For the period ended 31 August 2016

Related Parties and other Connected Charities and Organisations (continued)

The Trust requires all its Members, Directors, Governors and Staff to complete a business interests form at least annually. This assists in identifying related parties either in or beyond the Trust.

Register of Business Interests – Directors of the Board			
Trustee	Name of Organisation/Individual	Date Involvement Began	Nature of Interest
Julia Clarke	St Margaret's CE Junior St Johns CE Infant Bredhurst CE Primary Matt Durcan (spouse)	Sept 2015 Sept 2015 Dec 2015	Governor (Chair of LGB) Governor NLG Governor Director at Howard School
Cheryl Trice	All Saints CE Primary	Sept 2015	Governor
Sue Davis	St John's CE Infant Reculver CE Primary Diocese of Rochester Emmaus Church	Sept 2015 Nov 2015 Jan 2014 2010	Governor Governor Employee Treasurer
Hilary Sanders	Academy of Woodlands H&E Sanders Riverside Primary Emily Sanders	June 2015 Sept 2014 Sept 2014 1986	Governor Partner Governor resigned August 2016 due to work commitments and a potential conflict of interests Daughter is a business partner and also a governor at Brompton Westbrook
Jarrod Gowland-Smith			
Register of Business Interests – Previous Members of the Board (last 12 mths)			
Trustee	Name of Organisation/Individual	Date Involvement Began	Nature of Interest
Trovne Hartley	All Saints CE Primary Glenn HR	Dec 2015 Dec 2015	Governor Owner HR Consultancy

Mrs D. Brown, Senior Teacher at St John's CE Infants School is the sister of Mrs J. Collman, the Headteacher of St John's CE Infant School.

Mrs Cheryl Trice (Director) and Mrs Susan Davis (Director) are employees of Rochester Diocese, which is a connected party.

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Trustees' report (continued)
For the period ended 31 August 2016

Strategic report

Objectives and Activities

Objects and aims

The Medway Anglican Schools Trust's Objects are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum. These will include: Church of England schools designated as such, which shall be 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, and having regard to any advice issued by the Diocesan Board of Education; and other Academies, whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual ethos whether or not designated Church of England.

Aims:

- To improve outcomes for all pupils by promoting outstanding education across member schools to support and sustain high standards.
- To support each school in its individual vision.
- To share and implement best practice to face the challenges of the future in a local context.
- To offer support to other primary schools facing challenge, within the capacity of the group.

Objectives, strategies and activities

The core purpose of the MAST is to promote outstanding education for all our children in an increasingly changing and challenging educational landscape. It is essential that the strategic and operational function of the centre adds capacity to the individual schools, through:

- supporting school improvement, by providing open and transparent evaluation and feedback.
- promoting openness and information sharing across the trust for the benefit and support of all.
- promoting professional dialogue and support between all members of the MAST staff community.
- promoting shared continuing professional development to address new skills needed as an Academy Trust including governance.
- best value for money through economy of scale purchasing and procurement of services.
- ensuring that statutory and legal duties are met through:
 - financial oversight
 - auditing including commissioning internal and external audits and audit of regulatory systems
 - oversight of Headteacher performance management
 - monitoring school performance and effectiveness and intervening where needed
 - up to date and fit for purpose employment related policies
 - health and safety policies and monitoring
 - maintaining up to date safeguarding policies and practice.

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Trustees' report (continued)
For the period ended 31 August 2016

Objectives, strategies and activities (continued)

Keeping focus on our core purpose and using the strategies above, during the period from 1 September 2015 - 31 August 2016 our objectives were:

Improve outcomes for our pupils so that Trust schools are a first choice for parents by

- Improving progress for all pupils in EYFS, key stage 1 and key stage 2.
- Improving attainment for all pupils in EYFS, key stage 1 and key stage 2.
- Raise achievement in mathematics for all pupils and increase the proportion of higher attaining pupils compared to national benchmarks.
- Maintaining the unique character and ethos of each school so that pupils develop within a nurturing environment.
- Promoting attendance so that pupils are in school and ready to learn at the start of the school day.

Continue to develop leadership and management across the Trust so that it moves towards outstanding by

- Recruiting an experienced and talented Headteacher for St Margaret's CE Junior School.
- The recruitment and retention of talented individuals throughout the Trust, including Governors and Trustees.
- Strengthen and develop governance at all levels.
- Reviewing the management structure of schools to ensure that it is effective and efficient.
- Providing opportunities for career progression within the Trust so that talented individuals are retained.

Raise the quality of teaching and learning by

- Recruitment and retention of high quality teachers.
- Rigorous and robust quality assurance of teaching through joint lesson observations, book looks and moderation by senior leaders across the Trust.
- Investigating best practice in teaching mathematics.
- High quality CPD to support teachers and teaching support staff to increase their skills and raise expectations.
- Amending the admission criteria to secure expert teachers for vacant posts and provide a school place for their child if needed without the need for the teacher to have been employed for two years.

Establish management and financial systems and procedure across the Trust which meet the requirements of the law and the Academies Financial Handbook

- Recruitment of a suitably qualified Chief Finance Officer to lead the development of effective financial systems.
- Provide training and support in using the consolidated financial management system.
- Provide CPD for Local Governors and Directors on the requirements for Academy Finance.
- Write and adopt MAST wide policies and procedural documents to meet statutory requirements, which are understood by all.
- The efficient procurement, shared central costs and collaborative working between schools. Procurement was a focus during 2015-2016 and this will continue during 2016-2017.

All aspects of the Trust's activities during the 2015-2016 year linked to its charitable purposes namely the advancement of educational establishments for the public benefit.

These objectives were the Trust focus for the 2015-2016 academic years.

The Trust has seen pupils in all its Academies making good progress during the year.

Governance has been strengthened through focused training; most governors and Directors attended a session on Academy finance in the autumn of 2015 to upskill them in delivering their financial responsibilities; many attended a full day governance conference in July 2016 and understand their role in delivering the responsibilities outlined in the scheme of delegation.

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Trustees' report (continued)
For the period ended 31 August 2016

Objectives, strategies and activities (continued)

The Trust has successfully appointed an experienced Headteacher to St Margaret's CE Junior School. The Headteacher took up post in April 2016 and during the interregnum between December 2015 and April 2016 there was sufficient leadership capacity within the Trust to lead the school.

The quality of teaching has improved, Headteachers have carried out joint observations and quality assurance in schools across the Trust with the CEO and each other. All senior leaders have worked collaboratively to investigate schemes to improve learning in mathematics. This has included visits to outstanding schools. From September 2016, the Trust will be introducing "Maths – No Problem" across all academies and pupils will be taught in mixed ability classes not set within year groups.

Management and finance systems are in place across the Trust and deadlines for statutory returns have been met. There is an open and transparent sharing of both financial information and performance information so that all leaders and managers know and understand how the priorities for the Trust are determined, as well as knowing where we have performed well.

All aspects of the Trust's activities are linked to its charitable purposes namely the advancement of educational establishments for the public benefit.

Public benefit

The Directors confirm that the objectives and activities of the Trust provide identifiable benefits, namely educational, which are in pursuance of the aims of the Trust. This benefit is available to young people aged from 3 to 11. The admission criteria of the academies are not unduly restrictive and are in keeping with the religious aims of the Trust. Furthermore, the Directors confirm that they have complied with their duty to have regard to the guidance on public benefit as published by the Charity Commission.

Achievements and Performance

The Trust's main objective is the advancement of education in the United Kingdom for the public benefit; consequently, the academic achievement of its learners is its primary focus. During the 2015-2016 academic year, overall there was an improvement in the academic achievement of pupils across the Trust.

This was the first year in which pupils were tested and teacher assessed against the curriculum introduced in September 2014. The measures for attainment and progress changed from those previously used and direct comparisons cannot be made.

Early Years Foundation Stage

Targets were set for both All Saints CE Primary and St John's CE Infants to continue to increase the proportion of children gaining a good level of development by the end of the reception year. Overall children entering the reception year in both schools are below the national average on entry to the schools. The targets set were achieved with All Saints CE Primary raising achievement by 11 percentage points to 69% and in line with the national average; St John's CE Infants also increased by 3 percentage points to 66% and within one child of the national average. Overall the gap for the aggregated Trust disadvantaged cohort and other children closed from 19 percentage points in 2015 to 13 percentage points in 2016 due to a 13 percent increase to 58% of disadvantaged children gaining a good level of development – 5 percent above their national peers. The table below shows the attainment of the groups in 2015 – prior to conversion to an Academy Trust and 2016 post conversion data.

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Trustees' report (continued)
For the period ended 31 August 2016

Achievements and Performance (continued)

Group	% GLD National	% GLD aggregated Medway Anglican Schools Trust		% GLD All Saints CE Primary		% GLD St John's CE Infants	
	2016	2016	2015	2016	2015	2016	2015
All Pupils	69	68	60	69	58	66	63
Boys	62	57	52	59	39	53	67
Girls	77	83	67	88	70	79	60
Free school meals (FSM)	52	58	45	56	60	60	30
Not FSM	70	71	64	72	57	68	80

Both schools have significant proportions of children who enter the reception year with weak speech and language skills, or with English as an additional language, some have no nursery experience prior to the reception year. The focus on rapidly increasing children's acquisition of spoken and receptive language together with the forensic use of tracking data results in rapid progress and attainment in line with national i.e. good achievement overall.

One of the Trust's longer term aims is to expand the age range of both schools so that nursery provision from two years upwards is available. This will provide earlier access to high quality learning for the children and should accelerate progress and raise standards.

Key Stage 1

Year 1 Phonics

Both schools are above the indicative National and Medway averages for all pupils. St John's CE Infants increased the percentage of pupils reaching the expected standard by 11 percent to 83% in 2016. For All Saints CE Primary there is a slight year on year dip from 88% in 2015 to 85% in 2016. This is mainly due to a drop in the percentage of boys meeting the standard from 95% in 2014 to 72% in 2016. For girls, St John's CE Infants increased the percentage of girls meeting the standard to 85% from 64% in 2015. This is the cohort of girls who were 14% below their National peers at the end of EYFS and suggests impact of teaching on learning. Girls at All Saints continue the previous trends of being above the National averages.

Overall across the MAST schools, disadvantaged pupils at 79% are 13 percent above the National average for their peers in 2016. St John's CE Infants closed and reversed performance in 2015 with 73 percent of disadvantaged pupils meeting the standard an increase for the school of 10 percent on 2015 and 3 percent above their National peers in 2016. At 82% All Saints are 12 percent above their National peers in 2016.

Year 2 Phonics

By the end of year 2 all disadvantaged pupils at All Saints CE Primary had met the expected standard in phonics and 88% of disadvantaged pupils at St John's CE Infants (2% above the national for the group).

96% of pupils at All Saints CE Primary met the expected phonics standard by the end of year 2 compared to 91% nationally, the figure for St John's CE Infants was lower than national at 83%. Those who did not meet the expected standard were SEN or arrived during year 2.

Both schools carry out regular monitoring of phonics and, as is Trust practice, have carried out joint quality assurance through lesson observations and moderation of writing to assess the impact of phonics teaching.

Trustees' report (continued)
For the period ended 31 August 2016

Achievements and Performance (continued)

End of Key Stage 1 Results

The 2016 year 2 cohort were below national attainment for a good level of development when they left Early Years Foundation Stage in 2014.

This was the first year that pupils were teacher assessed against the interim frameworks for the end of key stage 1. Figures in the table below show the percentage of pupils meeting expected or better standards and the percentage at greater depth, for National groups and their peers within the Trust. During 2015-2016 one focus for all phases of primary education within the Trust was to increase the attainment of previously higher attaining pupils, and particularly in mathematics.

Group	% National 2016		% aggregated Medway Anglican Schools Trust 2016		% All Saints CE Primary 2016		% St John's CE Infants 2016	
	Expected standard+	Greater Depth	Expected standard+	Greater Depth	Expected standard+	Greater Depth	Expected standard+	Greater Depth
All Pupils Reading	74	18	77	28	76	18	79	45
All Pupils Writing	65	13	72	22	69	20	76	24
All Pupils Mathematics	73	18	74	20	73	18	76	24
Boys Reading	70	20	68	24	63	13	77	46
Boys Writing	59	10	70	14	67	13	77	15
Boys Mathematics	72	19	70	22	67	21	77	23
Girls Reading	78	27	86	32	90	24	81	44
Girls Writing	73	17	73	30	71	29	75	31
Girls Mathematics	74	16	78	19	81	14	75	25
Disadvantaged Reading	62	13	64	14	57	7	75	25
Disadvantaged Writing	53	7	55	14	50	7	63	25
Disadvantaged Mathematics	60	10	59	18	57	14	63	25
Other Pupils Reading	78	27	80	33	84	23	81	52
Other Pupils Writing	70	17	76	24	77	26	81	24
Other Pupils Mathematics	77	20	78	20	81	19	81	24

The Trust met or exceeded the percentage of these pupil groups gaining at least expected standard in reading, writing and mathematics, except; boys' reading and boys' mathematics where we were within one pupil of the national figure. All Trust pupil groups above exceeded their National peers at the greater depth measure. Disadvantaged pupils were in line with or above their national peers for all subjects at expected or better and above their national peers for greater depth. However, this was also the case for Other Pupils. Progress across key stage 1 from their starting points is generally good across the Trust with St John's CE Infants having all six strengths for progress from EYFS starting points. For All Saints CE Primary, progress is generally good, but needs to improve further for middle attainers in reading.

Trustees' report (continued)
For the period ended 31 August 2016

Achievements and Performance (continued)

Key Stage 2

As for key stage 1, this was the first year that the pupils were tested and teacher assessed against the curriculum introduced in September 2014.

Both All Saints CE Primary and St Margaret's CE Junior are above the floor standard and neither school is coasting in 2016 using the 2016 coasting school definition. Progress figures for all pupils are given below for all pupils and should be compared to a national value of zero.

KS1 – KS2 Progress for All Pupils

	Reading Progress		Writing Progress		Mathematics Progress	
	All Saints CE Primary	Saint Margaret's CE Junior	All Saints CE Primary	Saint Margaret's CE Junior	All Saints CE Primary	Saint Margaret's CE Junior
Progress score	0.83	-1.01	1.17	-0.89	-0.01	-1.31
95% confidence interval	1.87	1.34	1.89	1.33	1.59	1.13
Significance	none	none	none	none	none	Sig-

Progress is broadly average in reading and writing. Progress is weaker in mathematics for both schools and this is mainly due to some pupils, who were middle attainers at the end of key stage 1, making less progress than their peers from similar starting points. The Trust has purchased "Maths – No Problem" and this is being introduced from September 2016 to raise standards in mathematics.

Attainment at the end of key stage 2 was broadly in line with national for reading and writing but below National for mathematics for both schools. Both schools were below the National average for the combined measure of reading and writing and mathematics at the expected standard or better: All Saints CE Primary 49% and St Margaret's CE Junior 43%. However, both achieved 7% of pupils working at the higher standard in the combined measure compared to a National of 5%. There was a focus on closing the gap in between the schools' higher attainment and National during the 2015-2016 year and this has been generally successful, with pupils at or above the national for most groups and subjects.

Trustees' report (continued)
For the period ended 31 August 2016

Achievements and Performance (continued)

Closing the gender gaps in reading and mathematics and the gaps between disadvantaged pupils and other pupils is a key focus in 2016-2017 and are part of our shared Public Sector Equality Duty Objectives going forward.

Group	% National 2016		% All Saints CE Primary 2016		% St Margaret's CE Junior 2016	
	Expected standard+	Higher Standard	Expected standard+	Higher Standard	Expected standard+	Higher Standard
All Pupils Reading	66	19	67	20	60	14
All Pupils Writing	74	15	82	16	72	10
All Pupils Mathematics	70	17	60	16	59	16
All Pupils Rd, Wr, Maths	53	5	49	7	43	7
Boys Reading	62	16	68	16	46	8
Boys Writing	68	11	74	11	65	5
Boys Mathematics	70	18	63	11	65	14
Boys Rd, Wr, Maths	49	5	47	5	32	5
Girls Reading	70	22	65	23	71	18
Girls Writing	81	19	88	19	76	14
Girls Mathematics	70	15	58	19	55	18
Girls Rd, Wr, Maths	57	6	50	8	51	8
Group	% National 2016		% All Saints CE Primary 2016		% St Margaret's CE Junior 2016	
	Expected standard+	Higher Standard	Expected standard+	Higher Standard	Expected standard+	Higher Standard
Disadvantaged Reading	53	10	50	20	39	11
Disadvantaged Writing	64	8	60	10	57	7
Disadvantaged Mathematics	57	9	60	30	43	7
Other Pupils Reading	71	23	71	20	70	15
Other Pupils Writing	79	18	89	17	78	12
Other Pupils Mathematics	75	20	60	11	67	20

Trustees' report (continued)
For the period ended 31 August 2016

Attendance

Overall attendance is above the National average for 2016 for All Saints CE Primary and St Margaret's Junior. They also have lower than national proportions of persistent absentees despite the reduction of the threshold for persistent absence to 90% in 2016. They have increased their distance from National persistent absence, this shows the impact of deployment of their Family Liaison Officers (FLO) and robust systems to improve attendance. St John's Infants has above national overall absence and persistent absence but overall absence is at the same figure as prior to conversion. The FLO from All Saints was seconded part time to St John's CE Infants and the impact of the joint working is beginning to be seen.

Key performance indicators

The Trust undertakes monitoring of both a financial and non-financial nature, as follows:

Financial:

- Budget: income and expenditure to actual performance - budgets are reviewed monthly in school and by the Chief Finance Officer bi-monthly and each term by the respective committee for each academy. Management accounts are reviewed 3 times during the year by the Board Finance Committee who raise questions and Local Governing Body meeting minutes relating to finance where all budgetary issues were dealt with for the year. Sound financial management reduced a predicted in year deficit for one school at the point of conversion to a modest in year surplus.
- Budget three year forecasting - this is undertaken on a rolling annual basis and it was noted that budgets in forthcoming years will be under extreme pressure due to government policy on grant income as well as the increase in pension contributions and the minimum wage pay scales.
- Staff pay as a proportion of income - this is regularly reviewed and for the year represented 75% of income, excluding conversion income.
- Specific income and expenditure to targets – is reviewed regularly for each Academy and monitored by the Chief Finance Officer who prepares management accounts for the Local Governing Bodies and the Board.
- The Trust maintains a detailed Risk Register, which is a live document and is reviewed at least termly and as necessary by the Chief Executive Officer; Chief Finance Officer and Headteachers. Actions are put in place to mitigate both financial and reputational risks.
- Benchmarking across the academies and against other similar academies – Local Governing Bodies reviewed benchmarking against DfE finance benchmarks and will develop as a continuing process as relevant data for the academies becomes available.

Non-Financial:

- Pupil numbers - reviewed by reference to each of the academy's published admission number and local and national demand for places. For 2015-2016 all academies in the Trust were full and following appeals St Margaret's CE Junior and All Saints CE Primary are over PAN due to successful appeals.
- Curriculum -has been reviewed during the year and adjustments made to deliver a curriculum for all pupils in all Trust schools which is both engaging, exciting and effective in promoting learning.
- End of EYFS and key stage results are reviewed against local and national statistics published by the Department for Education together with data provided through Raise online, see achievement and performance section above. Summary data and information by pupil group is shared across the Trust and used to: set strategic priorities; review the impact of actions over time; embed a shared responsibility for the performance of all schools in the Trust.
- Pupil Premium and value for money -is reviewed against local and national statistics published by the Department for Education together with data provided through Raise online. Achievement of the pupil premium cohort is shown in the performance and achievement section. For 2016 pupil premium pupils overall across the Trust achieved above their National peers at the end of EYFS and key stage 1 but it was outcomes were mixed at the end of key stage 2 with a greater percentage of pupil premium pupils achieving the higher standards compared to their peers but some variability in results for the expected standard or better.

Trustees' report (continued)
For the period ended 31 August 2016

Key performance indicators (continued)

- Sports Premium and value for money – is reviewed regularly by the Local Governing Bodies and annually by the Board. Pupils have access to a wide range of sports both through the curriculum during the school day and after school and lunchtime clubs. Our schools are successful at the Medway Youth Games.
- Facilities - the condition of premises are monitored with and through the Local Governing Bodies and the necessary bids for funding will be made in December 2016.
- Health and safety is reviewed regularly by the Local Governing Body and external reviews are commissioned for all Trust schools.
- Energy consumption and efficiency - this is monitored by reference to the available commercial rates, although joint procurement through the Trust is limited as St Margaret's CE Juniors shares their premises with the LA maintained St Margaret's Infant's School. There is a single boiler to heat both schools which is sited on the Infant's site.
- Staff Performance - this is monitored through annual staff appraisal based on a single policy, the Trust ensures that staff performance is monitored and rewarded consistently and effectively. Clear expectations are communicated by the CEO/Headteacher management group to ensure consistency across the Trust. The Headteachers and CEO performance management are supported by an experienced external assessor, again this ensures impartial consistency and rigour for the process.

Financial review

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the academy 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 Accounting Policies.

The Trust's primary source of funding is pursuant to the master funding agreement and the academies' supplemental funding agreements. In addition, the academies receive funds through lettings and funds raised by parents. The budgets for the academies and the Trust are approved by the Directors. The budgets reflect the priorities of each Academy and the Trust. The financial position of each academy is monitored by the Board Finance Committee and thereafter by the local governing body Finance Committee. The Trust Board's Finance Committee also monitors academy budgets on a termly basis together with the Trust's central services budget. The financial policies and procedures which have been approved by the board of Directors comply with the Academies Financial Handbook and are implemented by the Trust and the academies.

When the accounts are consolidated, there is an overall deficit of £1,537,907. This is following a full actuarial valuation of pension deficit figure for the Local Government Pension Service. The premises where the Academies are located are owned (but not maintained) by the Rochester Diocese and cannot be used to offset deficit. This position may worsen should pension contributions increase further.

Reserves policy

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors determine the appropriate level of reserves on an annual basis. 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. The Trust's level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) at the year-end 31 August 2016 is £638,667 and is retained to enable the Trust to pursue projects at the Directors' discretion. The Directors confirm that they consider the level of reserves to be adequate bearing in mind the future plans of the Trust.

Investment Policy

The Trust shall not undertake any form of investment in stocks, shares, bonds or any other similar investment vehicle or in property or buildings other than those related to the establishment, maintenance, carrying on, managing and developing of educational establishments. The suitability of the banking arrangements is reviewed every academic year.

Principal risks and uncertainties

The Trust's principal risk and uncertainty concerns the provision of funding from central Government which is the major source of income for the academies and hence funding for the Trust. The current economic climate will see a reduction in funding, which may result in the Trust having a deficit budget in the future. Although the Trust and its academies have taken steps to make savings, these alone will not compensate for a reduction in central funding. In addition, further economies within the academies might impact on educational standards. This together with the recent increase in the minimum wage and pension contribution changes may further reduce flexibility to maintain current staffing levels.

The succession planning for the Trust in relation to key Directors and senior leaders, who to date, have played a pivotal role in the development of the Trust may become an issue; however, the Board is actively working to recruit more Directors with skills which enhance and complement those of existing Directors.

The Trust and its academies also acknowledge the continued importance of up-to-date, suitable and secure IT systems at all its academies and the potential issues that can be experienced by staff and students as a result of any failures.

The Trust has had its 3 year growth plan agreed by the Regional Schools Commissioner. Currently there is capacity in the senior leadership teams to support this expansion, which is planned to be measured and so sustainable. However, expansion also exposes the Trust and its academies to potentially risky alliances both financial and educational. The Trust conducts thorough due diligence checks when a school applies to join us, to mitigate risk.

Recruitment and retention of a high quality teaching staff is a concern. All Trust schools were fully staffed during the 2015-2016 academic year, but the Trust is aware that it is becoming increasingly difficult to recruit to teacher vacancies. The Trust is mitigating risk by developing career pathways within the Trust so that we are employers of choice. For example, a recent restructure of a Trust school was successful in both improving accountability and clear roles and responsibilities as well as putting in place middle leaders, hence increasing possible career pathways without leaving the Trust for another school/academy. In addition the Trust has registered with a range of teacher training schemes (Teach First, Troops for Teachers, Schools Direct) to attract high calibre trainee teachers into post.

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Trustees' report (continued)
For the period ended 31 August 2016

Principal risks and uncertainties (continued)

The Trust also acknowledges that negative public relations with stakeholders and the wider community as a result of a poor Ofsted or SIAMS inspection or safeguarding issues may damage the reputation of the Trust and affect pupil numbers. At the current time, all academies in the Trust were judged good by Ofsted at last inspection and one has a good SIAMS inspection judgement, the other two an outstanding SIAMS judgement and all schools are full.

The Trust maintains a live risk register which is reviewed regularly to assess changes and emerging risks. This register is available for review at Local Governing Body and Board meetings. The Directors are responsible for identifying risks faced by the Trust, establishing procedures to mitigate these risks, and ensuring that employees are aware of these procedures and of the implications of failing to implement them. The Directors have delegated the more detailed scrutiny of the risks faced by the Trust to the Board Finance Committee which also reviews the mitigation put in place to combat the risk. This committee advises the Directors on the significant risks faced by the Trust and its academies. The Directors confirm that the major risks, to which the Trust is exposed, as identified in the risk register, have been reviewed and systems and procedures are in place to manage these potential risks. Furthermore, the Directors are satisfied that each academy has undertaken a detailed review of those risks specific to the academy and procedures have been put in place to manage those risks. The Directors are satisfied that these procedures are consistent with the guidelines issued by the Charity Commission.

The Directors acknowledge that they have overall responsibility for ensuring that the Trust has effective and appropriate systems of control, both financial and non-financial.

Plans for future periods

Future developments

The Trust's key objective is the advancement of education in the United Kingdom for the public benefit.

The Trust has developed the three year plan to expand the Trust and intend to attract more academies to join the Trust. This has been approved by the Regional Schools' Commissioner and in the 2016-2017 year we are seeking to welcome 2 more schools into the Trust.

The Trust's strategic objectives support this key purpose by aiming to:

- Build a strong community of schools with a shared purpose and Christian ethos.
- Achieve the highest standards of learning and achievement for all children and adults.
- Achieve outstanding teaching and learning.
- Develop an engaging and exciting curriculum for the 21st Century.
- Build a reputation for excellence in the community.
- Ensure that every child leaving our Academies is well equipped for the next stage of their education.
- Use innovative approaches to joint procurement to achieve Trust efficiencies and value for money.
- Nurture and develop School leadership including governance across the Trust empowering leaders to work beyond good and outstanding.

During 2015-2016 the Academies and their communities learned more about each other and began to build effective partnerships as a result of increasing trust in each other and recognition of the expert skills of individuals. To further strengthen and develop shared responsibility and accountability across the Trust in 2016-2017 and promote high standards, every member of the CEO/Headteacher management group is leading a key aspect of curriculum development to raise pupil achievement and improve teaching and learning. The key curriculum aspects are: embedding of Maths – No Problem across the Trust; development of reading provision across the Trust; improving the RE curriculum; establishing and embedding a universal assessment system across the Trust so that assessments are accurate and inform day to day management and the strategic planning.

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Trustees' report (continued)
For the period ended 31 August 2016

Funds held as custodian

The Incorporated Rochester Diocesan Board of Education (Company number 00046014) is the site Trustee for each Academy and should therefore be treated as the Custodian Trustee. The Incorporated Rochester Diocesan Board of Education is a Private Limited Company by guarantee without share capital use of 'Limited' exemption for the purpose of providing educational support services. The objectives and principal activities of the Incorporated Rochester Diocesan Board of Education (which is also a member of the Medway Anglican Schools Trust) are:

- The Board's Corporate Funds are held to be applied in accordance with the objects clause of its Memorandum and Articles of Association which is:
 - a. To maintain and extend education in and knowledge of the Christian religion in general and the faith and practice of the Church of England in particular to all sections of the community within the Diocese of Rochester.
 - b. To carry out the functions of the Diocesan Board of Education for the Diocese of Rochester under the provisions of the Diocesan Boards of Education Measure 1991 and any legislation amending, supplementing or replacing the same.

The Diocese of Rochester Consolidated Educational Endowments were created by a resolution of the Board passed on 9 November 1994 and are held on the terms of the Uniform Statutory Trusts under Schedule 36 of the Education Act 1996.

Employee involvement and employment of the disabled

The Trust has a policy to eliminate unlawful discrimination and harassment on the grounds of disability and to promote equal opportunities and a positive attitude towards disabled employees.

The Trust has management systems in place to provide information to and to consult staff on matters affecting them.

Provision of information to Auditor

In so far as the trustees are aware:

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

Auditors

The auditors, Kreston Reeves LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report, incorporating a strategic report, was approved by order of the governing body as the company Directors, on 12 December 2016 and signed on its behalf by:



J Clarke
Chair of Trustees

Medway Anglican Schools Trust
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Governance Statement

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Medway Anglican Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body 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 governing body has formally met 5 times during the period. Attendance during the period at meetings of the governing body was as follows:

Trustee	Meetings attended	Out of a possible
J Clarke	5	5
S Davis, Vice Chair, Chair of Finance Committee	4	5
C Trice	5	5
H Sanders	5	5
T Hartley	3	5
J Golding	1	1
J Gowland-Smith	0	0

The Board recruited two Directors shortly after conversion to add capacity to the Board and members were notified of the appointment. One new Director had HR expertise and experience of the executive management function of a large multi-academy trust; the other had legal expertise. Unfortunately, one had to resign after only attending one meeting, due to relocation for work. The other had to resign due to work commitments towards the end of the first academic year.

The Board is seeking to expand the number of Directors and uses Academy Ambassadors and Governor Hub as part of the recruitment process.

During the first year of operation, the Board has set the strategic direction of the Trust and checked that management systems and key policies are in place to so that the Trust meets the requirements of the law and the Education Funding Agency's Financial Handbook. It has appointed a Chief Executive Officer and a Clerk, who clerks both Board meetings and Local Governing Body meetings. The Board has monitored the work of the Local Governing Bodies to ensure that they are effective and follow the policies and procedures of the Trust. It has worked effectively to promote good communication from Local Governing Bodies to the Board and vice versa. Communication has improved across the year, although further improvement is needed and it has been facilitated by attendance of Directors at Local Governing Body meetings when necessary. Chairs of Local Governing Bodies sent their evaluation of their impact to the Board for consideration in September 2016. It holds the Chief Executive Officer to account for the performance of the Trust and has commissioned an external assessor to assist in performance management.

The full Board met 5 times during the year, and the Finance Committee twice.

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Governance Statement (continued)

In addition to continually reflecting on, and reviewing the effectiveness of governance across the first year, during July and August 2016, the Board reviewed its effectiveness and evaluated governance at all levels across the Trust. As a result, it has decided to establish a Standards working group for 2016-2017, which will have as members the CEO and another Director as well as representatives from each governing body. They will meet three times during the year to evaluate and report on standards in all schools across the Trust, having scrutinised data, observed lessons, looked at books and talked with pupils and subject leaders, to gain a full picture of standards of teaching and learning across the Trust. The aim is two-fold: to effectively monitor outcomes and standards; to build the capacity of local governors to evaluate. A central pay committee was also set up to meet the requirements to review pay awards in the autumn term 2016. This was because the short-term capacity of Local Governing Bodies was limited by the resignation of governors due to relocation. It will also serve the purpose of ensuring consistency in pay awards across the Trust. There will be four full Board meetings during the year and three finance committee meetings. Extra-ordinary meetings will be called, as necessary, for example to consider applications to join the Trust.

The Finance Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the Directors' Board, by enabling more detailed consideration to be given to the best means of fulfilling the Board's responsibility to ensure sound management of the academy's public and private finances and resources including the buildings and

- To ensure that the Academy undertakes proper planning, monitoring and probity.
- To make appropriate comments and recommendations on such matters to the governing body on a regular basis.
- To refer major issues to the Executive Board for approval or ratification.
- To fulfil the functions required by law of the Audit Committee.

The Finance Committee met twice during the year.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
S Davis, Vice Chair, Chair of Finance Committee	2	2
C Trice	2	2
J Clarke	2	2
T Hartley	2	2
H Sanders, CEO	2	2
J Gowland-Smith	0	0

Review of Value for money

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

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

- Pupil achievement has increased across the Trust overall in the Early Years Foundation Stage and are above National by the end of Key Stage 1. Overall progress by the end of key stage 2 is broadly in line with national. Resources and training to deliver increased standards in mathematics (Maths – No Problem) have been purchased and will be used to teach all pupils in the Trust from September 2016.
- Writing the Medway Anglican Schools Trust Business Action Plan in collaboration with Headteachers so that the strategic direction of the Trust is embedded in the operational plan for the Trust for the year. Evaluation of the plan for the first year, shows that it has been successful: pupil achievement has increased; effective management systems are in place and statutory financial deadlines have been met; money has been saved and reserves increased.

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Governance Statement (continued)

Review of Value for money (continued)

- Shared human resources across the Trust have resulted in improved provision and outcomes for pupils: secondment of Family Liaison Officer to St John's Infants from All Saints for a day a week has supported strategies to improve attendance; Headteachers supported the senior leaders at St Margaret's CE Juniors during Spring 2016 to maintain effective leadership and management.
- Worked with the finance team across the Trust to secure reduced charges for services, and resources, through effective joint procurement and economies of scale.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Medway Anglican Schools Trust for the period 8 June 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 8 June 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

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

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

The governing body has considered the need for a specific internal audit function and has decided to appoint Kreston Reeves as internal auditor.

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

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

On a planned and diarised basis, the auditor reports to the governing body, through the Finance Committee on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

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Governance Statement (continued)

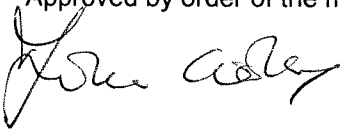
Review of Effectiveness

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

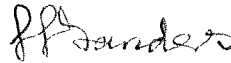
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the governing body on 12 December 2016 and signed on their behalf, by:



J Clarke
Chair of Trustees



H Sanders
Accounting Officer

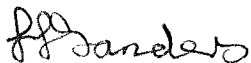
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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Medway Anglican Schools 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



H Sanders
Accounting Officer

Date: 12/12/2016

Medway Anglican Schools Trust
(A company limited by guarantee)

Statement of Trustees' responsibilities
For the period ended 31 August 2016

The Trustees (who act as governors of Medway Anglican Schools 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 of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 governing body on 12 December 2016 and signed on its behalf by:



J Clarke
Chair of Trustees

Medway Anglican Schools Trust
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of Medway Anglican Schools Trust

We have audited the financial statements of Medway Anglican Schools Trust for the period ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company'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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the Directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 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 academy's 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

Medway Anglican Schools Trust
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of Medway Anglican Schools Trust

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

Kreston Reeves LLP

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Chatham Maritime
12 December 2016

Medway Anglican Schools Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Medway Anglican Schools Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Medway Anglican Schools Trust during the period 8 June 2015 to 31 August 2016 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 Medway Anglican Schools Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Medway Anglican Schools Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Medway Anglican Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Medway Anglican Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Medway Anglican Schools Trust's funding agreement with the Secretary of State for Education dated 24 August 2015, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 8 June 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 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 academy's income and expenditure.

Medway Anglican Schools Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Medway Anglican Schools Trust and the Education Funding Agency (continued)

The work undertaken to draw to our conclusion includes:

- Reviewed the evidence used to support the Accounting Officer's sign off of the regularity statement
- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Reviewed that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Governing Body minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 8 June 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Kreston Reeves LLP

Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Chatham Maritime

12 December 2016

Medway Anglican Schools Trust
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the period ended 31 August 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Income from:					
Donations and capital grants	2	574,421	(1,163,000)	54,658	(533,921)
Charitable activities	3	-	3,420,901	-	3,420,901
Other trading activities	4	163,896	-	-	163,896
Investments	5	1,127	-	-	1,127
Total income		739,444	2,257,901	54,658	3,052,003
Expenditure on:					
Charitable activities		64,794	3,559,320	22,796	3,646,910
Total expenditure	7	64,794	3,559,320	22,796	3,646,910
Net income / (expenditure) before transfers					
Transfers between Funds	18	674,650 (68,345)	(1,301,419) 58,781	31,862 9,564	(594,907) -
Net income / (expenditure) before other recognised gains and losses					
		606,305	(1,242,638)	41,426	(594,907)
Actuarial losses on defined benefit pension schemes	23	-	(943,000)	-	(943,000)
Net movement in funds		606,305	(2,185,638)	41,426	(1,537,907)
Reconciliation of funds:					
Total funds brought forward		-	-	-	-
Total funds carried forward		606,305	(2,185,638)	41,426	(1,537,907)

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

Medway Anglican Schools Trust
(A company limited by guarantee)
Registered number: 09628754

Balance sheet
As at 31 August 2016

	Note	£	2016 £
Fixed assets			
Tangible assets	14		41,426
Current assets			
Stocks	15	3,364	
Debtors	16	130,551	
Cash at bank and in hand		647,260	
		<u>781,175</u>	
Creditors: amounts falling due within one year	17	(142,508)	
Net current assets			<u>638,667</u>
Total assets less current liabilities			<u>680,093</u>
Defined benefit pension scheme liability	23		<u>(2,218,000)</u>
Net liabilities including pension scheme liabilities			<u><u>(1,537,907)</u></u>
Funds of the academy			
Restricted income funds:			
Restricted income funds	18	32,362	
Restricted fixed asset funds	18	41,426	
		<u>73,788</u>	
Restricted income funds excluding pension liability			
Pension reserve		<u>(2,218,000)</u>	
Total restricted income funds			<u>(2,144,212)</u>
Unrestricted income funds	18		<u>606,305</u>
Total deficit			<u><u>(1,537,907)</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 12 December 2016 and are signed on their behalf, by:


J Clarke
Chair of Trustees

The notes on pages 35 to 55 form part of these financial statements.

Medway Anglican Schools Trust
(A company limited by guarantee)

Statement of cash flows
For the period ended 31 August 2016

	Note	2016 £
Cash flows from operating activities		
Net cash provided by operating activities	20	<u>655,697</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments		1,127
Purchase of tangible fixed assets		(30,092)
Capital grants from DfE/EFA		<u>20,528</u>
Net cash used in investing activities		<u>(8,437)</u>
Change in cash and cash equivalents in the period		647,260
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	21	<u><u>647,260</u></u>

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

1. Accounting policies

Medway Anglican Schools Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Magpie Hall Road, Chatham, Kent, ME4 5JY. The principal activity of the academy trust is to provide a primary education for pupils that satisfies the requirements of the Education Act 2002.

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Medway Anglican Schools Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

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

Notes to the financial statements
For the period ended 31 August 2016

1. Accounting policies (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy 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 are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

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

1.4 Expenditure

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

Charitable activities and Governance costs are costs incurred on the academy's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

Notes to the financial statements
For the period ended 31 August 2016

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	Over 5 - 10 years straight line
Computer equipment	-	Over 3 years straight line

The Rochester Diocesan Board of Education own the legal title of the land and property of the sites of the schools that the Academy Trust operates. Accordingly, the Academy Trust has not recognised any land and property in the financial statements.

1.7 Interest receivable

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

1.8 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Debtors

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

Notes to the financial statements
For the period ended 31 August 2016

1. Accounting policies (continued)

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

1.13 Financial instruments

The academy trust enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

1.14 Taxation

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

Notes to the financial statements
For the period ended 31 August 2016

1. Accounting policies (continued)

1.15 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

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

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses

1.16 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from All Saints Church of England Primary School, St Margaret's CofE Voluntary Controlled Junior School and St John's Church of England Voluntary Controlled Infant School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities - transfer from local authority on conversion in the Statement of Financial Activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

Notes to the financial statements
For the period ended 31 August 2016

1. Accounting policies (continued)

1.17 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

Multi-employer defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets

The Academy Trust has recognised tangible fixed assets with a carrying value of £41,426 at the reporting date (see note 14). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the Directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

The Rochester Diocesan Board of Education own the legal title of the land and property of the sites of the schools that the Academy Trust operates. Accordingly, the Academy Trust has not recognised any land and property in the financial statements.

1. Accounting policies (continued)

Critical accounting estimates and areas of judgement (continued)

Critical areas of judgement:

Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the governors, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 23 for further details.

Lease commitments

The Academy Trust has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the governors to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

Going concern

In the judgement of the Governors it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 1.5 for further details.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Donations	11,328	-	-	11,328
Capital Grants	-	-	20,528	20,528
Inherited on conversion	563,093	(1,163,000)	34,130	(565,777)
	<u>574,421</u>	<u>(1,163,000)</u>	<u>54,658</u>	<u>(533,921)</u>
Total donations and capital grants	<u>574,421</u>	<u>(1,163,000)</u>	<u>54,658</u>	<u>(533,921)</u>

3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
DfE/EFA grants			
General Annual Grant (GAG)	-	3,032,008	3,032,008
Other DfE/EFA grants	-	288,893	288,893
Primary Chain Grant	-	100,000	100,000
	<u>-</u>	<u>3,420,901</u>	<u>3,420,901</u>

Medway Anglican Schools Trust
(A company limited by guarantee)

Notes to the financial statements
For the period ended 31 August 2016

4. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Trip income	54,847	-	54,847
Lettings income	5,257	-	5,257
Consultancy income	7,023	-	7,023
Music services income	13,401	-	13,401
Catering income	30,360	-	30,360
Uniform income	4,536	-	4,536
Supply Teacher Insurance Income	6,590	-	6,590
Miscellaneous income	41,882	-	41,882
	<u>163,896</u>	<u>-</u>	<u>163,896</u>

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Bank interest	1,127	-	1,127
	<u>1,127</u>	<u>-</u>	<u>1,127</u>

Medway Anglican Schools Trust
(A company limited by guarantee)

Notes to the financial statements
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6. Charitable activities

	Total 2016 £
Direct costs - educational operations	
Wages and salaries	1,860,866
National insurance	136,446
Pension cost	309,951
Educational supplies	235,221
Examination fees	18,872
	<u>2,561,356</u>
Support costs - educational operations	
Wages and salaries	368,201
National insurance	16,945
Pension cost	121,591
Depreciation	22,796
Pension income	44,000
Staff recruitment costs	10,657
Maintenance of premises and equipment	45,756
Cleaning	19,278
Rates	24,996
Light and heat	51,216
Insurance	21,984
Motor expenses	1,397
Catering costs	112,037
Computer costs	50,061
Printing, postage and stationery	33,492
Telephone	6,039
Sundry admin costs	67,984
Legal and professional	67,124
	<u>1,085,554</u>
	<u><u>3,646,910</u></u>

7. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £
Activities:				
Direct costs	2,307,263	-	254,093	2,561,356
Support costs	507,899	141,246	436,409	1,085,554
	<u>2,815,162</u>	<u>141,246</u>	<u>690,502</u>	<u>3,646,910</u>

In 2016, of the total expenditure, £64,794 was to unrestricted funds and £3,409,292 was to restricted funds.

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8. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £
Depreciation of tangible fixed assets:	
- owned by the charity	22,796
Auditors' remuneration - audit	6,900
Auditors' remuneration - other services	3,800
	<u>33,500</u>

9. Staff costs

Staff costs were as follows:

	2016 £
Wages and salaries	2,213,184
Social security costs	153,391
Pension costs	431,542
	<u>2,798,117</u>
Supply teacher costs	15,883
	<u>2,814,000</u>

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

	2016 No.
Teachers	38
Administration and support	90
Management	7
	<u>135</u>

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

The key management personnel of the academy trust comprise the senior leadership team. The total amounts of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £530,825.

Notes to the financial statements
For the period ended 31 August 2016

10. Central services

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

- Educational support costs
- Legal and professional costs
- Others as arising

The academy charges for these services on the following basis:

The Education Services Grant has been retained by the central trust for these services. This equates to £87 per pupil.

The actual amounts charged during the year were as follows:

	2016
	£
All Saints C of E Primary School	27,295
St Margaret's C of E Junior School	30,890
St John's C of E Infants' School	7,708
Total	65,893

11. Trustees' remuneration and expenses

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

		2016
		£
H Sanders	Remuneration	25,000-30,000
	Pension contributions paid	5,000-10,000

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

12. Trustees' and Officers' Insurance

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

Notes to the financial statements
For the period ended 31 August 2016

13. Other finance income

	2016 £
Interest income on pension scheme assets	52,000
Interest on pension scheme liabilities	(96,000)
	<u>(44,000)</u>

14. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
Additions	19,146	10,946	30,092
Inherited on conversion	-	34,130	34,130
At 31 August 2016	<u>19,146</u>	<u>45,076</u>	<u>64,222</u>
Depreciation			
Charge for the period	523	22,273	22,796
At 31 August 2016	<u>523</u>	<u>22,273</u>	<u>22,796</u>
Net book value			
At 31 August 2016	<u>18,623</u>	<u>22,803</u>	<u>41,426</u>

15. Stocks

	2016 £
Finished goods and goods for resale	3,364

16. Debtors

	2016 £
Trade debtors	2,413
Other debtors	38,172
Prepayments and accrued income	89,966
	<u>130,551</u>

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17. Creditors: Amounts falling due within one year

	2016 £
Trade creditors	40,022
Other creditors	8,001
Accruals and deferred income	94,485
	<u>142,508</u>
	£
Deferred income	
Deferred income at 8 June 2015	-
Resources deferred during the year	43,531
	<u>43,531</u>

At the balance sheet date the academy trust was holding funds received for universal free school meals and rates income in respect of the following financial year.

18. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	-	739,444	(64,794)	(68,345)	-	606,305
	<u>-</u>	<u>739,444</u>	<u>(64,794)</u>	<u>(68,345)</u>	<u>-</u>	<u>606,305</u>
Restricted funds						
General Annual Grant (GAG)	-	2,973,948	(2,887,729)	(86,219)	-	-
Other DfE/EFA grants	-	345,453	(345,453)	-	-	-
Other government grants	-	101,500	(69,138)	-	-	32,362
Pension reserve	-	(1,163,000)	(257,000)	145,000	(943,000)	(2,218,000)
	<u>-</u>	<u>2,257,901</u>	<u>(3,559,320)</u>	<u>58,781</u>	<u>(943,000)</u>	<u>(2,185,638)</u>
Restricted fixed asset funds						
Assets held for depreciation	-	34,130	(22,796)	30,092	-	41,426
DfE/EFA capital grants	-	20,528	-	(20,528)	-	-
	<u>-</u>	<u>54,658</u>	<u>(22,796)</u>	<u>9,564</u>	<u>-</u>	<u>41,426</u>
Total restricted funds	<u>-</u>	<u>2,312,559</u>	<u>(3,582,116)</u>	<u>68,345</u>	<u>(943,000)</u>	<u>(2,144,212)</u>
Total of funds	<u>-</u>	<u>3,052,003</u>	<u>(3,646,910)</u>	<u>-</u>	<u>(943,000)</u>	<u>(1,537,907)</u>

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Notes to the financial statements
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18. Statement of funds (continued)

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

GAG represents funds to be used to cover normal running costs of the Academy Trust.

Other DfE/EFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

Other government grants represents grants provided for specific purposes, such as SEN funding which is used to support pupils with special education needs, and other funding relating to the set up of a multi-academy trust .

DfE/EFA capital grants funds is to provide the Academy Trust with its own capital money to address improvements to buildings and other facilities.

The restricted fixed asset fund represents the assets which were donated upon conversion to academy status, and the value of fixed assets purchased since conversion including depreciation to the balance sheet date.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £
All Saints C of E Primary School	285,426
St Margaret's C of E Junior School	236,826
St John's C of E Infants' School	83,262
Medway Anglican Academy Trust - central services	33,153
Total before fixed asset fund and pension reserve	638,667
Restricted fixed asset fund	41,426
Pension reserve	(2,218,000)
Total	(1,537,907)

Notes to the financial statements
For the period ended 31 August 2016

18. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £
All Saints C of E Primary School	1,043,544	141,346	54,404	207,552	1,446,846
St Margaret's C of E Junior School	942,351	182,892	122,375	257,303	1,504,921
St John's C of E Infants' School	321,368	73,795	23,805	108,025	526,993
Medway Anglican Academy Trust - central services	-	51,400	24,129	170,002	245,531
	<u>2,307,263</u>	<u>449,433</u>	<u>224,713</u>	<u>742,882</u>	<u>3,724,291</u>

19. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	41,426	41,426
Current assets	606,305	174,869	-	781,174
Creditors due within one year	-	(142,507)	-	(142,507)
Provisions for liabilities and charges	-	(2,218,000)	-	(2,218,000)
	<u>606,305</u>	<u>(2,185,638)</u>	<u>41,426</u>	<u>(1,537,907)</u>

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

	2016 £
Net expenditure for the year (as per Statement of financial activities)	(594,907)
Adjustment for:	
Depreciation charges	22,796
Dividends, interest and rents from investments	(1,127)
Increase in stocks	(3,364)
Increase in debtors	(130,551)
Increase in creditors	142,508
Capital grants from DfE and other capital income	(20,528)
Defined benefit pension scheme obligation inherited	1,163,000
Defined benefit pension scheme cost less contributions payable	67,000
Defined benefit pension scheme finance cost	45,000
Assets from local authority on conversion	(34,130)
Net cash provided by operating activities	655,697

21. Analysis of cash and cash equivalents

	2016 £
Cash in hand	647,260
Total	647,260

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22. Conversion to an academy trust

On 1 September 2015 All Saints Church of England Primary School, St Margaret's Church of England Voluntary Controlled Junior School and St John's Church of England Voluntary Controlled Infant School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Medway Anglican Schools Trust from Medway Local Authority for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
IT equipment - All Saints C of E Primary School	-	-	29,130	29,130
IT equipment - St Margaret's C of E Junior School	-	-	5,000	5,000
Budget surplus on LA funds - All Saints C of E Primary School	271,638	-	-	271,638
Budget surplus on LA funds - St Margaret's C of E Junior School	206,947	-	-	206,947
Budget surplus on LA funds - St John's C of E Infants' School	84,509	-	-	84,509
LGPS pension (deficit)	-	(1,163,000)	-	(1,163,000)
Net assets/(liabilities)	<u>563,094</u>	<u>(1,163,000)</u>	<u>34,130</u>	<u>(565,776)</u>

The above net liabilities include £563,094 that were transferred as cash.

23. Pension commitments

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

As described in note 22 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Notes to the financial statements
For the period ended 31 August 2016

23. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £218,254.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £188,000, of which employer's contributions totalled £146,000, and employees' contributions totalled £42,000. The agreed contribution rates for future years are 19.8% for employers and 5.5% - 12.5% for employees.

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23. Pension commitments (continued)

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

Principal actuarial assumptions:

	2016
Discount rate for scheme liabilities	2.20 %
Rate of increase in salaries	4.10 %
Rate of increase for pensions in payment / inflation	2.30 %

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

	2016
Retiring today	
Males	22.9
Females	25.3
Retiring in 20 years	
Males	25.2
Females	27.7

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

	Fair value at 31 August 2016 £
Equities	1,066,000
Gilts	14,000
Property	221,000
Other Bonds	168,000
Cash	38,000
Target Return Portfolio	68,000
Total market value of assets	<u>1,575,000</u>

The actual return on scheme assets was £185,000.

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

	2016 £
Current service cost (net of employee contributions)	(213,000)
Net interest cost	(44,000)
Administration expenses	(1,000)
Total	<u>(258,000)</u>

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23. Pension commitments (continued)

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

	2016 £
Upon conversion	2,377,000
Current service cost	213,000
Interest cost	96,000
Contributions by employees	42,000
Actuarial losses	1,076,000
Benefits paid	(11,000)
	<hr/>
Closing defined benefit obligation	3,793,000

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

	2016 £
Upon conversion	1,214,000
Interest income	52,000
Return on plan assets (excluding net interest on the net defined pension liability)	133,000
Contributions by employer	146,000
Contributions by employees	42,000
Benefits paid	(11,000)
Administration expenses	(1,000)
	<hr/>
Closing fair value of scheme assets	1,575,000

24. Operating lease commitments

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £
Amounts payable:	
Within 1 year	5,307
Between 1 and 5 years	15,839
	<hr/>
Total	21,146

25. Members' liability

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

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26. Related party transactions

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

These transactions were conducted on normal commercial terms, at arm's length, without the exercise of any influence by the related party involved.

27. Controlling party

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the Board of Trustees. There is no ultimate controlling party.