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Company Registration No. 09013632 (England and Wales)

**THE SMALL SCHOOLS MULTI ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**



# THE SMALL SCHOOLS MULTI ACADEMY TRUST

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# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Directors

H L Bowman (Chair) (Appointed 29 May 2015)  
S B Cockayne (Appointed 29 May 2015)  
P R Halifax (Vice Chair) (Appointed 29 May 2015)  
M Havelock-Crozler (Appointed 29 May 2015)  
C R Hopkins (Appointed 29 May 2015)  
C Humphries (Appointed 29 May 2015)  
J Smith (Appointed 1 January 2016)  
G J Wood (Appointed 29 May 2015)  
A Farrington (Appointed 29 May 2015 and resigned 31 October 2016)  
P J Lovern (Accounting Officer) (Appointed 29 May 2015)

### Members

C R Hopkins (CECET) (Appointed 29 May 2015)  
Reverend T Leyland (Appointed 29 May 2015)  
Reverend S Davies (Appointed 29 May 2015)  
J Bowman (Appointed 29 May 2015)  
D Grever (Appointed 29 May 2015)

### Senior management team

P J Lovern	Accounting Officer
L Brown	Trust Support Services Manager
L Derry	Head of School
J P Wynn	Head of School
P Hupfield	Head of School
N Jarrett	Head of School

### Trust Support Services Manager

L C Brown

### Company registration number

09613632 (England and Wales)

### Registered office

Crawley Lane  
Kings Bromley  
Burton on Trent  
Staffordshire  
DE13 7JE  
England

### Academies operated

The Richard Crosse C E Primary School  
The St. Mary's C E Primary School  
The Howard Primary School

### Location

Staffordshire  
Staffordshire  
Staffordshire

### Head Of School

J P Wynn  
L Derry  
P Hupfield

### Independent auditor

Moore Stephens  
1 Lakeside  
Festival Way  
Festival Park  
Stoke-on-Trent  
ST1 5RY

# **THE SMALL SCHOOLS MULTI ACADEMY TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Bankers**

Lloyds Bank plc  
PO Box 1000  
BX1 1LT

### **Education Finance Support Services**

Entrust Support Services  
Riverway Centre  
Riverway  
Stafford  
Staffordshire  
ST16 3TH

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT

**FOR THE PERIOD ENDED 31 AUGUST 2016**

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The Trustees (Directors) present their annual report together with the financial statements and auditor's report of the charitable company for the period 29 May 2015, the academy trusts incorporation date, 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 The Richard Crosse Church of England Primary School, The St. Mary's Church of England Primary School and The Howard Primary School in Staffordshire. The trust entered into a funding agreement with the Secretary for State for Education on 29 July 2015. Its academies have a combined pupil capacity of 294 and had a roll of 245 (plus 13 part time nursery children at Richard Crosse) in the October 2015 Census returns.

### **Structure, governance and management**

#### **Constitution**

The Small Schools Multi Academy Trust is a company limited by guarantee and an exempt charity.

The charitable company is known as The Small Schools Multi Academy Trust and the company's memorandum and articles of association are the primary governing documents of the trust. The constituent academies of the trust are:

- The Richard Crosse Church of England Primary School
- The St. Mary's Church of England Primary School
- The Howard Primary School

The directors are the trustees of The Small Schools Multi Academy Trust and are also the directors of the charitable company for the purposes of company law.

Details of the directors who served during the period are included in the Reference and Administrative Details on page 1.

#### **Members' liability**

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

#### **Trustees' indemnities**

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

As part of the overall insurance cover taken out with Zurich, the trust has taken out insurance relating to Directors' Indemnity. The limit of Indemnity cover is £ 5,000,000 in this respect.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2016**

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### Method of recruitment and appointment or election of directors

The management of the academy trust is the responsibility of the Directors who are elected and co-opted under the terms of the Articles of Association.

The board should have the appropriate balance of skills, and knowledge of The Small Schools Multi Academy Trust, to enable them to discharge their respective duties and responsibilities effectively. The search for board candidates will always be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender, race, age, sexual orientation and religion.

Directors are recruited by invitation from the Chair of the Board of Members, the Chair of the Board of Directors or the Chief Executive Officer of persons known to the academy trust; who are able to benefit the academy trust by their knowledge and expertise. The Board of Members make the formal appointment for an individual to become a member of the Board of Directors having given due consideration to their ability to be able to fulfil at least two of the following criteria:

- Are sympathetic to the aims and objectives of a Christian foundation for the education of children;
- Have demonstrable links to a Christian denomination that is recognised by the UK Churches Together organisation
- Have direct links with at least one of the communities served by the schools in the trust.

And also one of the following criteria:

- Can demonstrate substantial experience that prepares them for the proposed role;
- Have never been disqualified from holding the role of company director;
- And are willing to be examined in these matters prior to appointment by at least providing a CV and, if required references.

### Policies and procedures adopted for the induction and training of directors

All Directors are encouraged to undertake personal training in addition to courses organised for all Directors, to ensure that they are up to date in their knowledge and able to carry out their roles effectively. Shared inset between all of the schools in the trust includes elements of Directors training and this is supported by external training providers. Directors meet regularly both formally and informally with the Executive Head and members of school staff and receive on a regular basis updated copies of policies and procedures and are encouraged to have an input into school self-evaluation and improvement planning.

### Organisational structure

The Board of Directors are responsible for the overall strategic direction of the academy trust. The Directors have a duty to act in the fulfilment of the academy trust objects. They set the strategic direction, and determine the policies and procedures of the academy trust whilst holding each school within the academy trust to account. The Directors will meet at least three times a year and the Local Advisory Groups will report to meetings of the Board of Directors once per term.

Each school within the Trust has a constituted Advisory Group known as the Local Advisory Group (LAG). The LAG is not a committee of the board but is used to inform and support the work of the board. The Group will be supported by Heads of School and Directors, who will help to support the ethos of each school and the Christian distinctiveness of our Church schools.

The Board of Directors and Local Advisory Groups do not exercise a managerial role. The leadership and management across the academy trust is delegated by the Board of Directors to the Chief Executive Officer and Senior Leadership Team of the Trust. The Senior Leadership Team are responsible at an executive level for implementing the policies laid down by the Board of Directors and reporting back to them via the Directors Board meetings. This includes actions concerning the budget, staffing, and school improvement.

The Executive Head is the Accounting Officer and is responsible for the authorisation of spending within agreed budgets.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2016**

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### Arrangements for setting pay and remuneration of key management personnel

The current arrangements for setting the pay and remuneration of the key management personnel of the academy trust are subject to the 'school teachers pay and conditions document and guidance on school teachers pay and conditions'. The determination of leadership pay is in line with the school group size and relevant scale points attributed to the group pay range.

Incremental rises are dependent upon the successful completion of the previous years' performance management cycle and quality assured by the Board of Directors. Recommendations for pay increases are made by the Executive Head to the Board of Directors.

The salary of the Executive Head was determined prior the formation of The Small Schools Multi Academy Trust. The pay range was determined in accordance with School Teachers Pay and Conditions taking account of the size of the two federated schools and the additional responsibility for The Howard Primary School.

The Trust's Support Services Manager salary was determined prior to the formation of The Small Schools Multi Academy Trust and is paid in accordance with NJC pay and conditions and the Trust's Job Evaluation Framework as adopted from the Local Authority.

### Related parties and other connected charities and organisations

The members, directors, Local Advisory Group members and the Accounting Officer all complete a pecuniary interest declaration on an annual basis. This declaration sets out any relationship with the academy trust that is not directly related to their duties within these roles. Each individual is also required to declare a potential 'conflict of interest' if it arises between such declarations. Once a declaration has been made, the individual concerned takes no further part in any decision relating to the matter declared.

In respect of the current period, the academy trust has the following relationships:

- Has made payments to Principal HR Partner Limited, a company controlled by one of the Directors.
- Has identified and taken action to avoid any conflict of interest in respect of the relationship between Mrs Heather Bowman – Chair of Directors and Mr John Bowman – Member.

The following are considered charities and are connected to The Small Schools Multi Academy Trust

<u>Charity</u>	<u>Function</u>
The Richard Crosse PTA	To organise fundraising events and social activities to support the work of the school.
The St. Mary's PTFA	To organise fundraising events and social activities to support the work of the school.
The Howard Friends Association	To organise fundraising events and social activities to support the work of the school.
The Colton United Trust	To hold the buildings and land in Trust and make financial donations to the school for capital related expenditure from their investments.
The Richard Crosse Foundation	To hold the buildings and land in Trust and make financial donations to the school for capital related expenditure from their investments.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

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### Objectives and activities

#### Objects and aims

The Small Schools Multi Academy Trust was established in August 2015 following the success of The St. Mary's and Richard Crosse Federation and the loose collaborative partnership with The Howard Primary School which was a school that required improvement. The Trust's objective is to improve the quality of education for pupils within small rural primary schools; ensuring that they have access to:

- teachers who are experts in their field
- an array of extra-curricular activities that enrich their learning
- specialist support to overcome learning barriers allowing them to fulfil their full potential.

The Small Schools Multi Academy Trust wishes to retain the benefits that small schools offer by being large enough to cope with the increasing demands of a school-led system, but small enough to care through our family ethos.

#### Objects and Aims

The Trust's object ("the object") is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools which shall offer a broad and balanced curriculum and which shall 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 Lichfield Diocesan Board of Education;
- Other schools not designated as Church of England Schools whether with or without a designated religious character;
- To recognise and support the individual ethos of all schools whether or not designated Church of England schools.

#### Vision

Our vision is threefold :-

- To deliver the highest quality learning for pupils in an environment that values the friendliness and familiarity that small numbers allow;
- To ensure that a rural community has a future, and can thrive, if quality education is at its heart;
- To extend learning beyond the confines of the school into the community and beyond.

#### Values

Our values are threefold:-

- That every child is a child of God irrespective of gender, ethnicity, religion, ability or family background and as such is unique and to be nurtured and be brought to full potential;
- That the ethos that underpins our attitudes and behaviours is that we will love our neighbours as ourselves;
- That learning and being taught well in a caring community makes us better and stronger people.

#### Ethos

The ethos of the Trust is that we operate with honesty and integrity for the benefit of all children attending any of our schools. We recognise the important role small schools plays in the education system in improving outcomes for children which is achieved by creating a caring and nurturing family ethos. As a group of schools this enables us to be large enough to cope and small enough to care.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2016**

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### Objectives, strategies and activities

The strategic goals of the Trust are:

1) To provide high quality education provision for all schools within the Trust that improve the outcomes of all of our pupils. This will be achieved by providing appropriate and proportionate support and challenge to each school within the Trust. There will be a focus on:

Establish and monitoring a system of governance through an effective Board of Directors and Local Advisory Groups.

- Providing intervention to support school improvement.
- Developing collaborative curriculum activities to support key skill development, increasing independence and resilience.
- Developing monitoring and evaluating strategies and procedures that will drive school improvement.
- Developing a high performing leadership team.
- Employing staff with specific skills and deploying them across all schools within the Trust.
- Allowing Heads of Schools to focus on the core function of teaching and learning.
- Continuous professional development for all staff.
- Supporting the procurement of best value central services.
- Collaboratively sharing and supporting best practice.

2) To provide the same high quality of education provision to pupils outside of the trust to help achieve the government's aim of the same standard of education for all children. This will be achieved by:

- Developing a systematic marketing strategy and work with local stakeholders, Headteacher forums and the DfE to identify potential schools and academies that wish to join the academy trust.
- Build capacity by creating a robust management structure which involves building a central team to support the Trust's Board of Directors.
- Develop training based on the expertise within the Trust that can be delivered to other education providers.
- Develop more effective means of collaboration with other education providers to share best practice and encourage greater innovation within the education sector.
- Develop links with other schools through 'The Rugeley Leadership Collaboration', The Hart Academies, The Rawlett School, The National Forest Teaching School, The John Taylor MAT and our own arrangements with individual and groups of local primary schools.

The trust is committed to employment policies which follow best practice based on equal opportunities for all employees irrespective of sex, race, colour, disability, marital status or sexual orientation. The trust gives full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities.

### Public benefit

The Board of Directors confirm that they have referred to the guidance contained in the Charity Commissioner's general guidance on public benefit when reviewing the Trust's objective and aims and in planning future activities for the period. The Directors consider that the Trust can clearly demonstrate that its aims are to advance education for public benefit.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

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### Strategic report

#### Achievements and performance

##### Our Objective

To provide an outstanding education in all schools within the Trust that will improve outcomes for all our children.

##### What we did

We restructured our leadership team and reviewed job descriptions and roles and responsibilities. Trust responsibilities were assigned to individuals in line with specific skill sets and experience. Experienced high performing teachers have been recruited to complement our existing high quality teams. We believe that our staff are our strongest asset.

We have invested in our staff by providing high quality continuous professional development. This has been achieved by commissioning external consultants and trainers and by using in-house expertise.

##### The Impact

###### Foundation Stage

The Foundation Stage results were good across all three schools with the majority of children achieving a good level of development. This gives the children a good foundation on which to move into Key Stage 1. Our current strategy has been successful and will be maintained into 2016/17.

###### Year 1 Phonics Screening

At Richard Crosse and The Howard the results of the phonics screening were outstanding. At Richard Crosse 95% of the children achieved the expected level and at The Howard 100% achieved the expected level. The Year two retakes saw positive progress.

At St. Mary's the results were unusually low and as a result of this an intensive recovery programme has been instigated to ensure that this is addressed and that this group of children are given the best possible teaching of phonics in order to bridge the gap.

Year 2 children who retook the test all passed which should be celebrated.

###### Lessons Learnt

- An online tracking document for phonics has been produced and will be based on the phonics screening check.
- Accountability has been refined so that there is an English Champion in each school who reports to the Leader for English
- We have recruited a Leader for Early Years who is a specialist in phonics. She is employed at St. Mary's but will support all schools.
- Additional CPD for phonics has been arranged.
- An experienced Teaching Assistant has been deployed for Years 1 & 2 at St. Mary's. A rigorous phonics catch up programme has been initiated for the children who failed to achieve the required standard.
- We have purchased additional resources.
- We have implemented a more rigorous monitoring programme with school leadership accountable for regular reporting.

###### Year 2

The results for Year 2 were generally good and the children have a sound foundation on which to start Key Stage 2.

Noticeable exceptions – The Howard needs to continue to work on developing writing however the results were based on a very small cohort. The lower achievement in writing was due to the legacy of the past before the Trust took over.

Grammar, punctuation and spelling – Spelling continues to be a whole Trust focus.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2016**

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### Year 6

The results for Year 6 were disappointing in all three schools.

Richard Crosse – The children's educational journey was not as sound as would normally be experienced and the children had a poor Year 5 and made very little progress. This was backed up by the Year 5 results but also the findings from the Pupil Voice questionnaires in 2015. This was also compounded by the introduction of the new curriculum and the increased rigour and demand. Whilst there was accelerated progress in Year 6 this was not enough to meet the new requirements and a number of the children failed to achieve the expected standard by as little as one scale point.

St. Mary's – Progress in Year 5 hindered the children and the intervention support wasn't as effective as it could have been. From the start of the Spring Term the teaching programme was altered and a more intensive intervention programme implemented. Grammar, Punctuation and Spelling results were very pleasing with 89% of the children reaching the expected standard. Progress was rapid during the Spring Term.

#### Lessons learnt

- The children's educational journey needs to be solid throughout Key stage 2 and underachievement tackled by school leaders at all levels early on.
- All children should be exposed to high quality teaching and children on the SEN register shouldn't be held back by less exposure to the full requirements of the curriculum.
- Teaching Assistants should not only work with one ability group.
- Spelling continues to be a Trust focus.
- Further utilise the strengths of individual teachers across the Trust

To ensure that the Trust is financially viable in the long term and meets all of the requirements of the Academies we will measure against the following financial key performance indicators:-

- Successful internal audit
- Successful external audit
- % of staff costs to income (budget 93.8%)
- % of non-staff costs to income (budget 21.3%)

The Howard - The results at The Howard were disappointing and the impact of the work of the Trust over the year was not as great as we had hoped. Whilst a huge amount of time and resource had been invested, the children were still not confident learners due to the legacy of the past.

The children's Key Stage 1 data had been inflated as highlighted in the position paper written in October 2014. The children had made no progress according to test data from Key Stage 1 to the end of year 4 based on tests results in September 2014. The history of the children's educational journey combined with the increased demands of the new curriculum and tests were too great and therefore impacted on the results.

Attendance at school in the past was not as good as it should have been for some children however this has improved since September 2015.

#### Lessons learnt

- The Trust's ethos needs to be embedded to ensure that children at The Howard are given the same educational opportunities and support as those pupils attending other schools within the Trust.
- Teaching Assistants should not only work with one ability group.
- Spelling continues to be a Trust focus.
- Utilise the strengths of the individual teachers across the trust.
- Rigorous monitoring which will be facilitated by giving the Head of School appropriate Leadership time.

In conclusion the Trust recognises that there are a number of areas for improvement. Strategies have already been implemented to address these and regular monitoring will show the impact of these strategies.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### Key performance indicators

The Trust's main objective is to improve the quality of education for pupils within small rural primary schools; ensuring that they have access to:

- teachers who are experts in their field
- an array of extra-curricular activities that enrich their learning
- specialist support to overcome learning barriers allowing them to fulfil their full potential.

In order to support the Trust's main objective the following Key Performance Indicators were set

- Attendance – unless all children regularly attend school progress will be limited. The Trust set an attendance target for the 2015 – 2016 academic year of 97%:

The Richard Crosse Church of England Primary School	97.56%
The St. Mary's Church of England Primary School	97.58%
The Howard Primary School	96.10%

(Whilst The Howard Primary School did not meet its attendance target it should be noted that one child equates to more than 2% and the overall attendance figure was an improvement on the previous year.)

- Recruitment and retention of high quality staff – following a review of the Trust's staffing it was felt that the Trust needed to further strengthen its Leadership Team by recruiting senior and middle leaders. This was successfully achieved. All of our newly qualified teachers passed their probationary year with flying colours and continue to be employed by the Trust. An existing teacher who is in the early stages of her teaching career was appointed to a middle leadership position and now has a Trust responsibility. The Trust continues to employ specialist teachers of Sports, Music and Languages.
- Extra-Curricular Activities - All schools now offer an extensive programme of extra-curricular activities with both a mixture of individual school and Trust wide opportunities.
- Specialist Support – The Trust restructured the existing teaching support staff across the Trust to enable a more focused intervention support programme rather than providing general classroom support. This is in its infancy however we feel that it is already having a positive impact and look forward to disadvantaged children making accelerated progress.
- Pupil, Families and Staff Satisfaction – To ensure that the voice of key partners is heard the Trust surveyed pupils, parents and employees for their perspective on the schools within the Trust. The results from these surveys were as follows:

<u>Source</u>	<u>Percentage of positivity</u>
Pupil Voice	94%
Parent Voice	91%
Staff Voice	100%

### Going concern

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

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2016**

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### Financial review

Income for the period was £5,851,988 of which £1,570,989 was provided by the Department of Education (DfE) via the Education Funding Agency (EFA) by means of standard grants to cover operational and capital costs. This was supplemented by donations and Capital Grants including assets on conversion and other trading activities including third party lettings and funds generated by extended school activities which totalled the remaining £4,280,999.

All expenditure supports the academy trust key objectives to deliver quality education to our pupils and community. Expenditure for the period was £1,744,371 with the largest element of this expenditure being attributed to staff costs totalling £1,266,082 for the period. The depreciation and amortisation charge on assets of £90,014 has been included. Net Income for the period was £4,107,617.

The Trust element of the Pension fund that forms part of the Local Government Pension Scheme was valued at 31 August 2016, showing a net deficit of £508,000.

As at 31 August 2016, the net book value of tangible fixed assets was £4,235,446 and the movement in tangible fixed assets are shown in Note 11 of the financial statements. The assets were used exclusively in providing education and the associated support services to the pupils across the Trust.

The Trust complies with the principles of financial control as outlined in the Academies Financial Handbook and the Accounts Direction. The financial procedures, Scheme of Delegation and Value for Money statement together with systems of financial control ensure that the Trust conforms to the requirements of propriety, regularly and sound financial management.

The Board of Directors are accountable for the allocation of resources to meet the objectives set out in the School Improvement Plan. The Accounting Officer together with the Board of Directors is responsible for reviewing the Financial Procedures on an annual basis. The intention is for individual academy budgets to be monitored on a monthly basis with reports and commentary on income and expenditure against budget provided to the Board of Directors.

### Reserves policy

Any reserves held are in accordance with the requirements laid down in the Master Funding Agreement and by the Education Funding Agency.

The policy of the academy trust is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies. This is not a fixed amount or percentage.

For fixed asset funds the Trust Support Services Manager and Accounting Officer will propose a capital reserve schedule to the directors identifying the need to replace assets and the related sums required each year. This is not a fixed amount or percentage. They will agree the value of capital reserves to be created in a year as part of the budget approval process. Spend of the capital reserve fund will only occur as agreed budgeted spend which is approved by the directors as part of the budget process.

As at 31 August 2016 the academy trust has reserves of £4,039,617 which consists of restricted fixed asset funds of £4,245,238, pension deficit of £508,000 and free reserves of £302,379. In respect of free reserves this consists of unrestricted funds of £284,802 and restricted funds of £17,577.

The Trust feels that the value of reserves held as at 31 August 2016, are sufficient in value to enable the Trust to deliver the priorities identified during the budget setting process for the 2016 - 2017 academy year and beyond.

As this is the first period of operation the Trust will review the predicted level of reserves for the 2016 - 2017 financial year and beyond in January 2017, as part of the Reserves Policy Review process. Directors may consider the option of introducing a target reserve figure for future years.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2016**

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### Investment policy and powers

During its first period the Board of Directors agreed that no investments would be made and the subject of investments would be discussed in the Autumn Term of 2016. Directors acknowledged that they may be required to adopt a cautious, prudent and well-diversified investment stance taking into account future cash flow projections to balance potential returns with appropriate levels of risk whilst attracting as high an interest returns as possible.

### Principal risks and uncertainties

The Trust assesses the risks arising from its operations and examines the likelihood and materiality of each risk. The Trust operates a risk register which describes the control mechanisms in place to manage or mitigate each risk, assesses the level of risk and identifies other actions that may help reduce the risk further. The risk register is reviewed annually by the Board of Directors.

A review of the principal risks highlights the financial risk involved in the reliance on Government funding and the limited influence of the Trust on the level and future of this funding.

The deficit on the Local Government Pension Scheme of £508,000 presents a concern. However, Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that in the event of academy closure, outstanding local government pension scheme liability would be met by the Department for Education. This guarantee came into force on 18 July 2013

The Trust addresses the risk of misappropriation of funds through theft, fraud or other means by:-

- utilising the services of external accountants and auditors,
- ensuring that segregation of duties are utilised wherever possible,
- using industry-standard financial packages such as P S Financials (Purchasing and Finance) and Parent Pay (Cashless payments system),
- carrying out internal checks (i.e. Trust Support Services Manager checks / Accounting Officer checks / Finance Director checks).

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

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### Plans for future periods

#### Our Trust's Strategic Plan is

- To ensure that all children make at least 'Good' progress so that all academies continue to improve and are judged at least 'Good' by Ofsted
- To ensure that the quality of teaching over time is improving and is at least 'Good' with no 'Inadequate' teaching.
- To ensure that leadership across the Trust at all levels is consistently 'Good' or better
- To ensure that the curriculum is broad and balanced, real and purposeful and inspires children to learn.
- To ensure that Governance provides the necessary rigour, challenge and support to allow our schools to thrive.
- To ensure that the Trust is financially viable in the long term and meets all of the requirements of the Academies Financial Handbook.

#### To enable us to fulfil the objectives outlined within our Strategic Plan we aim to

- Continue to develop our employees and recruit high performing teachers
- Continually monitor our curriculum and develop the opportunities for outdoor learning
- To ensure that a complete set of Policies and Procedures are in place and embedded across the Trust.
- To review the skill set of our existing Board of Directors and where necessary identify training needs.
- To grow at a rate of 1 or 2 schools per year up to a maximum of 10 schools.
- To increase the membership of good and outstanding schools so that the capacity to support each other increases.
- To ensure the Trust continues to develop future leaders from within who are able to lead schools within the Trust.
- To ensure the Trust continues to develop and grow its own teachers from within and who are able to transfer from school to school.
- To generate sufficient income from traded services to support the work of the Trust.
- To develop Nursery provision across the Trust, to meet the proposed requirement for childcare providers to offer 30 hours of funded childcare per week to working parents.
- To develop our extended school and wrap around care provision across the trust.
- To expand and develop the Trust so that it remains a sustainable and high-performing consistent with its values and core purpose.

### Auditor

#### In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors 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.

A resolution proposing that Moore Stephens be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 21/12/2016 and signed on its behalf by:



H L Bowman  
Chair

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE PERIOD ENDED 31 AUGUST 2016**

### Scope of responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Head of School, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Small Schools Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the 'Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 9 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Directors	Meetings attended	Out of possible
H L Bowman (Chair) (Appointed 29 May 2015)	9	9
S B Cockayne (Appointed 29 May 2015)	6	9
P R Halifax (Vice Chair) (Appointed 29 May 2015)	9	9
M Havelock-Crozler (Appointed 29 May 2015)	7	9
C R Hopkins (Appointed 29 May 2015)	0	9
C Humphries (Appointed 29 May 2015)	7	9
J Smith (Appointed 1 January 2016)	3	5
G J Wood (Appointed 29 May 2015)	7	9
A Farrington (Appointed 29 May 2015 and resigned 31 October 2015)	1	2
P J Lovern (Accounting Officer) (Appointed 29 May 2015)	9	9

Colin Hopkins as CECET representative is required to be listed as a Director but is not required to attend Directors meetings.

The Trust carried out two Governance reviews during the financial year 2016 - 2017. The first as a result of a Directors resignation in October 2015 and the second following on from discussions regarding the skill set of the Board in July 2016.

Following the resignation of the Director of Communication and Local Advisory Groups in October 2015 the skills of the Board were reassessed and the roles redefined and reassigned. Once the process was complete there was a vacancy for a Director of Corporate Affairs - Estates, Learning Environment and Health and Safety. An appointment to this role was made in January 2016.

Following a review of the roles and responsibilities of Directors in June/July 2016 the Board agreed that two members should exchange roles, the Director of Strategy & Development and the Director of Performance and Quality.

The changes made to the Board have both proved successful, allowing the board to utilise the skills, experiences and expertise of the Directors to drive the Trust forward.

The next Governance review is scheduled for the Summer Term 2017.

# **THE SMALL SCHOOLS MULTI ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2016**

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### **Review of value for money**

As accounting officer the Head of School has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- combining the cost of purchases across all schools
- sharing of staff across all schools
- sharing of resources across all schools
- shared training sessions
- supplier review

### **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 on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Small Schools Multi Academy Trust for the period 29 May 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 29 May 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of directors.

### **The risk and control framework**

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

However the Directors have appointed the Trust Support Service Manager to carry out the following internal checks which were reviewed by external auditors.

- testing payroll
- testing the purchasing system
- testing control account/ bank reconciliations

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

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### Review of effectiveness

As accounting officer the Head of School 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 Trust Support Services Manager,
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework,
- preparation and submission of Alternative Assurance Validation Return to the National Audit Office in May 2016.

The accounting officer has been advised of the implications as a result of the review of the system of internal control by The Trust Support Service Manager and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on .....21/12/2016.....and signed on its behalf by:



H L Bowman  
Chair



P J Lovern  
Accounting Officer

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE PERIOD ENDED 31 AUGUST 2016

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As Accounting Officer of The Small Schools Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State 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's 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.

Except for the matters detailed below 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.

### Internal audit procedures

During the period under consideration the Academy Trust had not formulated a process for independent checking of financial controls, systems, transactions and risks.

### Publishing information about governance structures

During the period under consideration the Academy Trust had not published on its websites up to date details of all of the governance arrangements as required by the Academies Financial Handbook 2015.

Approved on.....21/12/2016.....and signed by:



P J Lovern  
Accounting Officer

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The directors (who also act as trustees for The Small Schools Multi Academy Trust) are responsible for preparing the Trustees' Report and the accounts 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 directors to prepare accounts for each financial year. Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

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

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

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

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

Approved by order of the board of trustees on ..... 21/12/2016 ..... and signed on its behalf by:



H L Bowman  
Chair of Directors

# **THE SMALL SCHOOLS MULTI ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF THE SMALL SCHOOLS MULTI ACADEMY TRUST**

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We have audited the financial statements of The Small Schools Multi Academy 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 directors 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 accounts**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on accounts**

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.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE SMALL SCHOOLS MULTI ACADEMY TRUST

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#### 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.

*Moore Stephens*

Ashley M Conway (Senior Statutory Auditor)

Moore Stephens

Chartered Accountants

Statutory Auditor

1 Lakeside

Festival Way

Festival Park

Stoke-on-Trent

ST1 5RY

Dated: ..... *22/12/2016* .....

# **THE SMALL SCHOOLS MULTI ACADEMY TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SMALL SCHOOLS MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 5 February 2016 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 The Small Schools Multi Academy Trust's during the period 29 May 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 The Small Schools Multi Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Small Schools Multi Academy 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 The Small Schools Multi Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of The Small Schools Multi Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Small Schools Multi Academy Trust's funding agreement with the Secretary of State for Education dated 29 July 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 29 May 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.

The work undertaken to draw our conclusions includes:

- consideration of the evidence supporting the accounting officer's statement on regularity, propriety and compliance;
- analytical procedures on the general activities of the academy trust;
- a review of minutes of committees and board meetings which may be relevant to regularity;
- consideration of discussions with key personnel including the accounting officer and governing body;
- tests of control have been carried out on control activities which are relevant to regularity and;
- on a sample basis, substantive testing of individual transactions.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SMALL SCHOOLS MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 29 May 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.

### Internal audit procedures

During the period under consideration the Academy Trust had not formulated a process for independent checking of financial controls, systems, transactions and risks.

### Publishing information about governance structures

During the period under consideration the Academy Trust had not published on its websites up to date details of all of the governance arrangements as required by the Academies Financial Handbook 2015.

*Moore Stephens*

**Moore Stephens**  
**Chartered Accountants**  
1 Lakeside  
Festival Way  
Festival Park  
Stoke-on-Trent  
ST1 6RY

Dated: ..... *22/12/2016* .....

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2016

	Notes	Unrestricted funds £	Restricted funds £	Fixed Asset funds £	Total 2016 13 months £
<b>Income and endowments from:</b>					
Donations and capital grants	2	5,807	44	20,649	26,500
Donations - Transfers from Local Authority on conversion	24	318,576	(398,000)	4,215,307	4,135,883
<b>Charitable activities:</b>					
- Funding for educational operations	5	25,154	1,607,451	-	1,632,605
Other trading activities	3	56,626	-	-	56,626
Investments	4	374	-	-	374
<b>Total income and endowments</b>		<b>406,537</b>	<b>1,209,495</b>	<b>4,235,956</b>	<b>5,851,988</b>
<b>Expenditure on:</b>					
Raising funds	6	8,324	-	-	8,324
<b>Charitable activities:</b>					
- Educational operations	7	88,624	1,557,409	90,014	1,736,047
<b>Total expenditure</b>	<b>6</b>	<b>96,948</b>	<b>1,557,409</b>	<b>90,014</b>	<b>1,744,371</b>
<b>Net income/(expenditure)</b>		<b>309,589</b>	<b>(347,914)</b>	<b>4,145,942</b>	<b>4,107,617</b>
<b>Transfers between funds</b>		<b>(24,787)</b>	<b>(74,509)</b>	<b>99,296</b>	<b>-</b>
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	19	-	(68,000)	-	(68,000)
<b>Net movement in funds</b>		<b>284,802</b>	<b>(490,423)</b>	<b>4,245,238</b>	<b>4,039,617</b>
<b>Fund balances at 31 August 2016</b>		<b>284,802</b>	<b>(490,423)</b>	<b>4,245,238</b>	<b>4,039,617</b>

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£
<b>Fixed assets</b>			
Intangible assets	10		9,792
Tangible assets	11		4,235,446
			<u>4,245,238</u>
<b>Current assets</b>			
Stocks	12	1,450	
Debtors	13	117,948	
Cash at bank and in hand		349,372	
		<u>468,770</u>	
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(166,391)	
		<u></u>	
<b>Net current assets</b>			302,379
<b>Net assets excluding pension liability</b>			<u>4,547,617</u>
Defined benefit pension liability	19		(508,000)
<b>Net assets</b>			<u><u>4,039,617</u></u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	17		
- Fixed asset funds			4,245,238
- General funds			17,577
- Pension reserve			(508,000)
<b>Total restricted funds</b>			<u>3,754,815</u>
<b>Unrestricted income funds</b>	17		284,802
<b>Total funds</b>			<u><u>4,039,617</u></u>

The accounts were approved by order of the board of trustees and authorised for issue on 21/12/2016

*H L Bowman*

H L Bowman  
Chair

Company Number 09613632

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2016

	Notes	2016 13 months £	£
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	129,718	
Cash funds transferred on conversion		318,576	
		<u>448,294</u>	
<b>Cash flows from investing activities</b>			
Interest Received		374	
Capital grants from DfE and EFA		15,049	
Capital funding from sponsors and others		5,600	
Payments to acquire intangible fixed assets		(12,500)	
Payments to acquire tangible fixed assets		(107,445)	
		<u>(98,922)</u>	
<b>Increase in cash and cash equivalents in the reporting period</b>		<u>349,372</u>	
<b>Cash and cash equivalents at 31 August 2016</b>		<u><u>349,372</u></u>	

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

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### 1 Accounting policies

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

The accounts 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.

The Small School Academy Trust meets the definition of a public entity under FRS 102.

#### 1.2 Going concern

The directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

#### 1.3 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from The Richard Crosse C E Primary School, The St Mary's C E Primary School and The Howard Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 24.

#### 1.4 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

##### Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

#### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

#### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

#### Donated services and gifts in kind

Donated facilities and services provided to the academy trust are recognised at their value to the academy trust in the period when it is probable that the economic benefits associated with the donated items will flow to the academy trust, provided they can be measured reliably. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities.

Donated goods are recognised at fair value unless it is impractical to measure this reliably, in which case a derived value, being the cost of the item to the donor is used. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities except where the donated good is a fixed asset, in which case the gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

#### Gifts of assets on conversion under supplemental agreement

Gifts of assets on conversion under supplemental agreements for nil consideration are recognised on the date of conversion at its market value as determined by a professional valuer. This valuation is recognised as income within the Statement of Financial Activities under Donations - Transfer from Local Authority on conversion.

### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### Charitable activities

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

#### 1.6 Intangible fixed assets and amortisation

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 5 years

#### 1.7 Tangible fixed assets and depreciation

Assets costing £2,000 or more and which are considered to have a remaining useful economic life of more than one year are capitalised. Batches of items below £2,000 are capitalised where they form part of one project and together cost more than £2,000 collectively.

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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold land	125 years
Leasehold buildings	50 years
Leasehold improvements	10 years
Computer equipment	5 years
Fixtures, fittings & equipment	5 years
Motor vehicles	10 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

#### 1.8 Liabilities

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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### 1.9 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### 1.10 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

#### 1.11 Taxation

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

#### 1.12 Pensions benefits

Retirement benefits to employees of the academy trust 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 trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 19, 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 are recognised in the period to which they relate.

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

#### 1.13 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### 1.14 Financial Instruments

The Academy only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

#### 1.15 Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

##### Critical areas of judgement

The trustees must make critical judgements in applying the charity's accounting policies. The judgements that have the most significant effect on the amounts recognised in the financial statements are discussed below:

The classification of expenditure between restricted and unrestricted is deemed as a critical area of judgement as certain expenditure can be applied to both funds. Where this is the case and the amounts in question are considered material the expenditure is apportioned to both funding streams on an appropriate basis.

The trustees have considered the classification of depreciation between direct and support costs. The depreciation charge has been allocated based on the proportion of staff costs that are directly attributable to direct and support costs.

The trustees have considered the accounting treatment of land and buildings utilised by the trust. Whilst the freehold titles to the property occupied under supplemental agreements are not held by the academy trust the trustees consider that the use of such land and buildings should be recognised in the balance sheet in order to reflect the value of its anticipated continuous use. Land and buildings occupied under such arrangements are therefore recognised in long term leasehold land and buildings. The valuation basis adopted reflects the depreciated replacement cost of a 125 year lease as determined by an expert valuer.

The trustees have considered the use of the donations relating the use of some of Trust's school playing fields and do not consider the value of the donation to be material. Therefore no income or expenditure has been recognised in the financial statements.

The trustees have considered the treatment of catering expenditure and concluded that the element that is not funded by the Universal Free School Meal Restricted Grant should be categorised as an unrestricted cost.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £
Capital grants	-	15,049	15,049
Other donations	5,807	5,644	11,451
	<u>5,807</u>	<u>20,693</u>	<u>26,500</u>

### 3 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £
Hire of facilities	429	-	429
Music tuition	4,520	-	4,520
Other income	51,677	-	51,677
	<u>56,626</u>	<u>-</u>	<u>56,626</u>

### 4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £
Short term deposits	374	-	374
	<u>374</u>	<u>-</u>	<u>374</u>

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 5 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £
<b>DfE / EFA grants</b>			
General annual grant (GAG)	-	1,288,809	1,288,809
Start up grants	-	187,000	187,000
Other DfE / EFA grants	-	95,180	95,180
	-	1,570,989	1,570,989
<b>Other government grants</b>			
Local authority grants	-	25,241	25,241
<b>Other funds</b>			
Other incoming resources	25,154	11,221	36,375
<b>Total funding</b>	25,154	1,607,451	1,632,605

### 6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £
<b>Academy's educational operations</b>				
- Direct costs	996,223	72,011	111,553	1,179,787
- Allocated support costs	269,859	98,602	187,799	556,260
	1,266,082	170,613	299,352	1,736,047
<b>Other expenditure</b>				
Costs of activities for generating funds	-	-	8,324	8,324
<b>Total expenditure</b>	1,266,082	170,613	307,676	1,744,371

Net Income/(expenditure) for the period includes: 2016  
£

Fees payable to auditor	
- Audit	6,000
- Assurance services	3,000
Operating leases	1,359
Amortisation	2,708
Depreciation	87,306

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 6 Expenditure (Continued)

#### Central services

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

### 7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 £
<b>Direct costs</b>			
Teaching and educational support staff costs	1	989,287	989,288
Depreciation	-	72,011	72,011
Technology costs	981	24,740	25,721
Educational supplies and services	1,029	57,238	58,267
Staff development	-	6,935	6,935
Other direct costs	2,941	24,624	27,565
	<u>4,952</u>	<u>1,174,835</u>	<u>1,179,787</u>
<b>Allocated support costs</b>			
Support staff costs	52,264	217,595	269,859
Depreciation and amortisation	-	18,003	18,003
Technology costs	-	42,392	42,392
Maintenance of premises and equipment	7,070	32,290	39,360
Cleaning	-	4,154	4,154
Energy costs	-	23,077	23,077
Rent and rates	-	14,006	14,006
Insurance	-	17,284	17,284
Security and transport	-	849	849
Catering	23,927	1,137	25,064
Interest and finance costs	-	17,000	17,000
Other support costs	411	58,076	58,487
Governance costs	-	26,725	26,725
	<u>83,672</u>	<u>472,588</u>	<u>556,260</u>
<b>Total costs</b>	<u>88,624</u>	<u>1,647,423</u>	<u>1,736,047</u>

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 8 Staff costs

	2016 £
Wages and salaries	992,998
Social security costs	67,481
Other pension costs	189,721
	<u>1,250,200</u>
Supply teacher costs	5,283
Staff development and other staff costs	10,599
	<u>1,266,082</u>

### Staff numbers

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

	2016 Number
Teachers	16
Administration and support	25
Management	6
	<u>47</u>

### Higher paid staff

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

	2016 Number
£90,001-£100,000	<u>1</u>

### Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £349,679.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 9 Trustees' remuneration and expenses

One or more of the directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Head of School and other staff directors only receive remuneration in respect of services they provide undertaking the roles of Head of School and staff members under their contracts of employment, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the academy trust in respect of their role as directors.

The value of trustees' remuneration and other benefits was as follows:

Mr P Lovern (Executive Head Teacher and Accounting Officer):

- Remuneration £95,001 - £100,000
- Employer's pension contributions £15,000 - £20,000

Other related party transactions involving the directors are set out within the related parties note.

#### Trustees' and officers' Insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2016 was £149.

### 10 Intangible fixed assets

	Computer Software £
Cost	
Additions	12,500
At 31 August 2016	12,500
Amortisation	
Charge for period	2,708
At 31 August 2016	2,708
Net book value	
At 31 August 2016	9,792

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

11 Tangible fixed assets	Leasehold land and buildings	improvements	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
Transfer on conversion	4,197,000	-	7,534	10,773	-	4,215,307
Additions	-	2,125	24,055	31,675	49,590	107,445
At 31 August 2016	4,197,000	2,125	31,589	42,448	49,590	4,322,752
<b>Depreciation</b>						
Charge for the period	73,034	230	2,091	6,992	4,959	87,306
At 31 August 2016	73,034	230	2,091	6,992	4,959	87,306
<b>Net book value</b>						
At 31 August 2016	4,123,966	1,895	29,498	35,456	44,631	4,235,446

Long leasehold land and buildings includes land and buildings occupied under supplemental agreements. The freehold titles to this property are held by The Richard Crosse School Foundation, The Official Trustee of Charity Lands (the trustee of the charity known as Colton United Schools) and Colton United Schools of St Marys House.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

<b>12</b>	<b>Stocks</b>	<b>2016</b>
		<b>£</b>
	School uniform	1,450
		<u>1,450</u>
<b>13</b>	<b>Debtors</b>	<b>2016</b>
		<b>£</b>
	Trade debtors	4,681
	VAT recoverable	70,941
	Other debtors	1,353
	Prepayments and accrued income	40,973
		<u>117,948</u>
		<u>117,948</u>
<b>14</b>	<b>Creditors: amounts falling due within one year</b>	<b>2016</b>
		<b>£</b>
	Trade creditors	35,872
	Taxes and social security costs	19,502
	Other creditors	20,540
	Accruals	53,944
	Deferred income	36,533
		<u>166,391</u>
		<u>166,391</u>
<b>15</b>	<b>Deferred income</b>	<b>2016</b>
		<b>£</b>
	Deferred income is included within:	
	Creditors due within one year	36,533
		<u>36,533</u>
		<u>36,533</u>
	Amounts credited to the statement of financial activities	-
	Amounts deferred in the period	36,533
		<u>36,533</u>
	<b>Total deferred income at 31 August 2016</b>	<b>36,533</b>
		<u>36,533</u>

The Academy received Universal Infant Free School Meals income of £24,474 in July 2016 which was a prepayment of income for the period September 2016 to March 2017. Other income received in advance related to letting, school trips and CERA grant funding.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 16 Financial Instruments 2016 £

Financial assets measured at amortised cost 4,681

Financial liabilities measured at amortised cost 35,872

Financial assets measured at amortised cost comprise trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors.

### 17 Funds

	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>				
General Annual Grant	1,288,809	(1,285,470)	-	3,339
Start up grants	187,000	(187,000)	-	-
Other DfE / EFA grants	95,180	(15,082)	(74,509)	5,589
Other government grants	25,241	(25,241)	-	-
Other restricted funds	11,265	(2,616)	-	8,649
	<u>1,607,495</u>	<u>(1,515,409)</u>	<u>(74,509)</u>	<u>17,577</u>
Funds excluding pensions				
Pension reserve	(398,000)	(42,000)	(68,000)	(508,000)
	<u>1,209,495</u>	<u>(1,557,409)</u>	<u>(142,509)</u>	<u>(490,423)</u>
<b>Restricted fixed asset funds</b>				
DfE / EFA capital grants	15,049	(9,125)	74,509	80,433
Transfer on conversion	4,215,307	(77,000)	-	4,138,307
Private sector capital sponsorship	5,600	(3,889)	24,787	26,498
	<u>4,235,956</u>	<u>(90,014)</u>	<u>99,296</u>	<u>4,245,238</u>
<b>Total restricted funds</b>	<u>5,445,451</u>	<u>(1,647,423)</u>	<u>(43,213)</u>	<u>3,754,815</u>
<b>Unrestricted funds</b>				
General funds	<u>406,537</u>	<u>(96,948)</u>	<u>(24,787)</u>	<u>284,802</u>
<b>Total funds</b>	<u>5,851,988</u>	<u>(1,744,371)</u>	<u>(68,000)</u>	<u>4,039,617</u>

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 17 Funds

(Continued)

The transfers between funds for the period relate to the the funding of fixed asset acquisitions from non capital grant income and unrestricted funds.

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

#### Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education Funding Agency and local authorities.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

#### Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

#### Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education Funding Agency and local authorities where the asset acquired or created is held for a specific purpose.

#### Analysis of academies by fund balance

	Total £
Fund balances at 31 August 2016 were allocated as follows:	
The Richard Crosse C E Primary School	210,164
The St. Mary's C E Primary School	37,090
The Howard Primary School	33,645
Central services	21,480
Funds excluding fixed asset fund and pensions reserve	302,379
Restricted fixed asset fund	4,245,238
Pension reserve	(508,000)
Total funds	4,039,617

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 17 Funds

(Continued)

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 £
The Richard Crosse C E Primary School	358,568	109,429	51,376	93,269	612,642
The St. Mary's C E Primary School	325,443	62,099	40,744	66,785	495,071
The Howard Primary School	277,748	56,528	28,239	79,433	441,948
Central services	34,464	41,802	8,298	20,136	104,700
	<u>996,223</u>	<u>269,858</u>	<u>128,657</u>	<u>259,623</u>	<u>1,654,361</u>

### 18 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
Fund balances at 31 August 2016 are represented by:				
Intangible fixed assets	-	-	9,792	9,792
Tangible fixed assets	-	-	4,235,446	4,235,446
Current assets	284,802	183,968	-	468,770
Creditors falling due within one year	-	(166,391)	-	(166,391)
Defined benefit pension liability	-	(508,000)	-	(508,000)
	<u>284,802</u>	<u>(490,423)</u>	<u>4,245,238</u>	<u>4,039,617</u>

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2016**

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### **19 Pensions and similar obligations**

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

As described in note 1 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 pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £18,645 were payable to the schemes at 31 August 2016 and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

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

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

##### **Valuation of the Teachers' Pension Scheme**

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 £191,600 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 19 Pensions and similar obligations

(Continued)

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

The pension costs paid to the TPS in the period amounted to £101,677.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.2% for employers and 5.5 - 12.5% for employees.

As described in Note 24 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.

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.

	2016 £
Employer's contributions	60,000
Employees' contributions	17,000
Total contributions	<u>77,000</u>

#### Principal actuarial assumptions

	2016 %
Rate of salary increases	2.5
Rate of increase for pensions in payment	2.1
Discount rate	2.0
Inflation assumption	<u>3.0</u>

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 19 Pensions and similar obligations

(Continued)

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

	2016 Years
Retiring today	
- Males	22.1
- Females	24.3
Retiring in 20 years	
- Males	24.3
- Females	26.6

The academy trust's share of the assets and liabilities in the scheme

	2016 Fair value £
Equities	225,750
Bonds	33,110
Cash	18,060
Property	24,080
Total market value of assets	301,000
Present value of scheme liabilities - funded	(809,000)
Net pension liability	(508,000)

The actual return on scheme assets was £28,000.

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 19 Pensions and similar obligations

(Continued)

#### Amounts recognised in the statement of financial activities

	2016 £
Operating costs	
Current service cost (net of employee contributions)	85,000
Finance costs/(income)	
Interest on pension scheme assets at discount rate	(8,000)
Interest on pension liabilities at discount rate	25,000
Net finance costs	17,000
Total charge	102,000

#### Actuarial gains and losses

Actual return on scheme assets - gain	36,000
Less: Interest on assets at discount rate	(8,000)
Actuarial gain - scheme assets	28,000
Other adjustments affecting other comprehensive income	(96,000)
Net losses	(68,000)

#### Movements in the present value of defined benefit obligations

	2016 £
Obligations acquired on conversion	586,000
Current service cost	85,000
Interest cost	25,000
Contributions by employees	17,000
Actuarial gains	96,000
At 31 August 2016	809,000

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

	2016 £
Assets acquired on conversion	188,000
Expected return on assets	8,000
Actuarial gains	28,000
Contributions by employers	60,000
Contributions by employees	17,000
At 31 August 2016	301,000

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

19 Pensions and similar obligations (Continued)

20 Reconciliation of net income to net cash flows from operating activities

2016  
£

Net income for the reporting period 4,107,617

Adjusted for:

Net deficit/(surplus) transferred on conversion (4,135,883)

Capital grants from DfE/EFA and other capital income (20,649)

Investment income (374)

Defined benefit pension costs less contributions payable 25,000

Defined benefit pension net finance cost/(Income) 17,000

Depreciation/amortisation of tangible/intangible fixed assets 90,014

(Increase)/decrease in stocks (1,450)

(Increase)/decrease in debtors (117,948)

Increase/(decrease) in creditors 166,391

Net cash provided by/(used in) operating activities 129,718

21 Major non-cash transactions

During the period The Richard Crosse C E Primary School, St Mary's C E Primary School and The Howard Primary School all converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities totalling £4,135,883 were transferred to The Small Schools Multi Academy Trust from the Staffordshire County Council Local Authority for £nil consideration.

Within these assets and liabilities £318,576 amounted to the transfer of cash to the academy trust.

22 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

2016  
£

Amounts due within one year 5,438

Amounts due between two and five years 6,508

11,946

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 23 Related parties

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

An amount of £1479 was spent with Principal HR Partner Limited, the Director of this business is also one of the Directors of The Small School Multi Academy Trust. Amount outstanding = Nil.

An amount of £1,000 was spent with Supporting Change Limited for educational consultancy work, the Director of the business is a close family member of a Director of The Small School Multi Academy Trust. An accrual of £1,000 was outstanding at year end.

### 24 Conversion to an academy

On 1 August 2015 The Richard Crosse C E Primary School, The St Mary's C E Primary School and The Howard Primary School all converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Small Schools Multi Academy Trust from the Staffordshire County Council 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 values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion		
The Richard Crosse C E Primary School	Staffordshire	1 August 2015		
The St. Mary's C E Primary School	Staffordshire	1 August 2015		
The Howard Primary School	Staffordshire	1 August 2015		
Funds surplus/(deficit) transferred:	Unrestricted funds	Restricted funds	Fixed asset funds	Total 2016
	£	£	£	£
The Richard Crosse C E Primary School				
Fixed assets funds	-	-	1,899,000	1,899,000
LA budget funds	108,725	-	-	108,725
LGPS pension deficit	-	(247,000)	-	(247,000)
Other funds	85,116	-	-	85,116
	<u>193,841</u>	<u>(247,000)</u>	<u>1,899,000</u>	<u>1,845,841</u>

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 24 Conversion to an academy

(Continued)

<b>Net assets transferred:</b>	<b>£</b>
Leasehold land and buildings	1,899,000
Cash	193,841
Pension deficit	(247,000)
	<u>1,845,841</u>

<b>Funds surplus/(deficit) transferred:</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Fixed asset funds</b>	<b>Total 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>The St Mary's C E Primary School</b>				
Fixed assets funds	-	-	1,336,000	1,336,000
LA budget funds	9,743	-	-	9,743
LGPS pension deficit	-	(56,000)	-	(56,000)
Other funds	13,291	-	-	13,291
	<u>23,034</u>	<u>(56,000)</u>	<u>1,336,000</u>	<u>1,303,034</u>

<b>Net assets transferred:</b>	<b>£</b>
Leasehold land and buildings	1,336,000
Cash	23,034
Pension deficit	(56,000)
	<u>1,303,034</u>

<b>Funds surplus/(deficit) transferred:</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Fixed asset funds</b>	<b>Total 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>The Howard Primary School</b>				
Fixed assets funds	-	-	980,307	980,307
LA budget funds	83,743	-	-	83,743
LGPS pension deficit	-	(95,000)	-	(95,000)
Other funds	17,958	-	-	17,958
	<u>101,701</u>	<u>(95,000)</u>	<u>980,307</u>	<u>987,008</u>

# THE SMALL SCHOOLS MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

### 24 Conversion to an academy

(Continued)

<b>Net assets transferred:</b>	<b>£</b>
Leasehold land and buildings	962,000
Tangible fixed assets apart from land and buildings	18,307
Cash	101,701
Pension deficit	(95,000)
	<u>987,008</u>

<b>Funds surplus/(deficit) transferred:</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Fixed asset funds</b>	<b>Total 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Total</b>				
Fixed assets funds	-	-	4,215,307	4,215,307
LA budget funds	202,211	-	-	202,211
LGPS pension deficit	-	(398,000)	-	(398,000)
Other funds	116,365	-	-	116,365
	<u>318,576</u>	<u>(398,000)</u>	<u>4,215,307</u>	<u>4,135,883</u>

<b>Net assets transferred:</b>	<b>£</b>
Leasehold land and buildings	4,197,000
Tangible fixed assets apart from land and buildings	18,307
Cash	318,576
Pension deficit	(398,000)
	<u>4,135,883</u>

### 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.