

Company Registration No. 05144640 (England and Wales)

ST MATTHEW ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' STRATEGIC REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

ST MATTHEW ACADEMY

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ST MATTHEW ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Ms A Fashesin (Resigned 30 October 2016) Mr A Halmos Ms P Barber (Chair) Mr S Cefai (Accounting Officer) Ms C Browne Marke Ms J Forrest Ms M Peters Mr J Reed	
Members	Reverend Monsignor M Dickens Mr P McCallum Most Reverend P Smith	
Senior Leadership Team	Mr S Cefai Mr E Connolly Ms M Baldwin Ms C Francis Ms A Hynes Ms H LeRoux Mr N McCann Mr S October	- Executive Headteacher - Executive Consultant - Head of School - Deputy Headteacher - Deputy Headteacher - Deputy Headteacher - Deputy Headteacher - Deputy Headteacher
Company Registration Number	05144640 (England and Wales)	
Registered Office	St Joseph's Vale Blackheath London SE3 0XX	
Independent Auditor	Wilkins Kennedy LLP Greytown House 221-227 High Street Orpington Kent BR6 0NZ	
Bankers	Allied Irish Bank (GB) Ltd City Office 9/10 Angel Court London EC2R 7AB	
Solicitors	Winkworth Sherwood Minerva House 5 Montague Close London SE1 9BB	

ST MATTHEW ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Eversheds LLP
One Wood Street
London
EC2V 7WS

ST MATTHEW ACADEMY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy is an all through school for pupils aged 3 – 16 years predominately serving a catchment area in the London Boroughs of Lewisham and Greenwich. It has a pupil capacity of 1,345 and had a roll of 1,112 in the school census on 18 May 2017

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of St Matthew Academy are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year 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.

Method of recruitment and appointment or election of Trustees

Trustees are appointed by the Sponsors or in accordance with the requirements of the Articles of Association and the funding agreement. The minimum number of Trustees is two and there is no maximum. Under the Articles of Association there should be the following number of Trustees, nine nominated by the Sponsor, a parent, a teacher, a staff member and the Executive Headteacher who is ex officio.

Policies and procedures adopted for the induction and training of Trustees

During the period under review the Trustees held 6 meetings. On appointment new Trustees receive a copy of the Diocesan handbook that is specifically written for the purpose of setting out their duties and responsibilities. They are encouraged to spend time at the Academy understanding their policies and procedures as well as to be actively involved on one of the sub committees.

Organisational structure (continued)

The structure consists of three levels: the Trustees, the Executive Leadership Team and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Executive Leadership Team comprises the Executive Headteacher and two external consultants and are responsible for putting in place the policies, procedures and strategy determined by Trustees to support and improve teaching and learning in the school.

The Senior Leadership Team comprises the Head of School, five Deputy Headteachers and the Academy Business Manager. These leaders control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for middle and senior leader posts must contain a Trustee. Some spending control is devolved to Heads of Departments/Years with limits above which a Senior Leader must countersign.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Arrangements for setting pay and remuneration of key management personnel

Any changes to the pay and remuneration of the Academy's Head of School and / or Senior Leadership Team must be approved by the pay Committee, which are a sub-committee of the main Governing Body. Changes to pay and remuneration will be undertaken in conjunction with the Academy's performance management procedures and pay policy.

Related parties and other connected charities and organisations

The school works closely with its sponsor The Roman Catholic Diocese of Southwark, Local Authorities; in particular the London Boroughs of Greenwich and Lewisham and Schools based within these boroughs and more widely. It also has entered into a Catholic Partnership with Sacred Heart School and St Thomas the Apostle College and a further agreement with St Thomas More Primary School. The Headteacher of Sacred Heart School has also been appointed Executive Headteacher of St Matthew Academy and is a member of the Interim Management Board and Executive Leadership Team. The Principal of St Thomas the Apostle College is also a member of the Executive Leadership Team.

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of the St Matthew Academy to provide education offering a broad and balanced curriculum to pupils of different abilities between the ages of 3 and 16 with an emphasis on business and enterprise.

In accordance with the articles of association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for the Department for Education.

The Scheme of Governance specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on business and enterprise and their practical applications.

Objectives, strategies and activities

The Academy's main strategy is encompassed in the mission statement which is to provide a positive, inclusive, Catholic environment for learning and growth that promotes excellence and inspires staff and students to discover, develop and fulfil their spiritual, intellectual and personal potential and to become lifetime learners.

The Academy will achieve this purpose by ensuring that the following core beliefs inform, direct and inspire all of its practice.

- **A Catholic Academy** - We believe that the catholic faith of students should be developed through the work of an active Chaplaincy team; through prayer and through focus events to develop spirituality and faith growth. The Academy ethos will stress the unique value of each individual and develop in our students respect for other faiths.
- **Learning** - We believe that all members of our community have a right to an ordered learning environment which builds on prior learning; develops independence, creativity and enquiring minds and fosters intellectual and social self-confidence and self-esteem.
- **Teaching** - We believe that every student has the right to a broad curriculum and to appropriate, stimulating and varied learning strategies which develop and extend all of their skills, abilities and talents and which result in a wide range and high standard of accredited success.

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

- **Preparation for working life** - We believe that all students need opportunities to understand business and enterprise environments based on Christian ethical principles; to experience and develop skills in collaborative and co-operative working and have opportunities to develop leadership skills.
- **Personal development** - We believe that our Academy should provide a nurturing, caring social environment, based on Christian values, in which the views of all members are heard, valued and respected and in which students are supported in their complete development as young adults.
- **Citizenship** - We believe that our school should develop in its students, an acceptance of their individual and collective responsibilities as members of various local, national and international communities and a strong sense of the importance of working for the common good.
- **Home-academy partnership** - We believe that our students' success and happiness in school depends on us working in close partnership with parents, carers and families.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

The Academy serves a catchment area covering the London Boroughs of Lewisham, Greenwich and other neighbouring boroughs.

The application process for Reception and Year 7 requires application to be made via the applicant's home borough. In all cases applicant must complete a supplementary information form relating to the religious criteria for admissions.

In circumstances where the Academy receives applications which are in excess of places available then relevant published criteria is applied. The Academy operates an appeals process in line with the Department for Education's Code of Practice on School Admission Appeals.

Strategic report

Achievements and performance

In March 2014 the Academy was graded as 'Good' with outstanding features by Ofsted. The Ofsted report recognised that "*Achievement has improved year on year, and progress is good for all groups of pupils across the school.*" It went on to say that "*Pupils benefit from inspirational experiences which help promote good achievement*". In March 2015 the Academy was graded as 'Good' with outstanding features following the Section 48 inspection of Catholic Ethos.

Results in summer 2015 showed a downward trend and the academy sought support from local outstanding schools. In September 2015 a partnership was formed with Sacred Heart Catholic School and St Thomas the Apostle College and in April 2016 an Interim Management Board was put into place following the collapse of the governing body. The Academy was subject to an Ofsted inspection in June 2016 and was graded inadequate in all areas except EYFS and Leadership and management. However as a result of the focused intervention and support from the partner schools and a consultant primary headteacher, outcomes for most students in the Academy showed a dramatic improvement in summer 2016, with the progress 8 score of 0.22 for the year 11 cohort placing the Academy in the top 25% of all schools nationally.

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

In September 2016 a new Head of School was appointed to work alongside the Executive Headteacher and consultant Headteacher and lead the Academy on a daily basis. She was joined by a number of key appointments to strengthen the leadership team and to ensure the areas for improvement identified by Ofsted and the Executive team were actioned swiftly.

During the last academic year the Academy has undergone a number of significant changes including a full review and consequent restructure of the support staff and a major overhaul of the behaviour and assessment systems. These changes have had a visible impact for the life chances of pupils attending the Academy and were recognised by Ofsted when they carried out an Ofsted inspection in June 2017 after an HMI monitoring visit was converted to a section 5 inspection. Personal Development, Behaviour and Welfare; Early Years Provision and the Effectiveness of Leadership and Management were all judged as 'Good'. GCSE outcomes in summer 2017 again showed significant improvement resulting in the Academy being placed in the top 4 of all fifteen mainstream Lewisham secondary schools.

Key performance indicators

Reception Headlines

Good Level of Development (GLD)	2015	2016	2017
% School	60%	70%	71%
% LA	78%	79%	79%
% England – All Schools	66%	69%	71%

The percentage of children achieving a Good Level of Development by the end of Reception is on an upward trend.

Y Year 1 Phonics Headlines

	2015	2016	2017
% School	74%	81%	74%
% LA	83%	83%	81%
% England – All Schools	77%	81%	81%

The percentage of children passing their phonics screening in Year 1 has dipped this year and matches the results we got in 2015.

Key Stage 1 SATs

Working at or above expected standard	Reading		Writing		Maths		Science	
	2016	2017	2016	2017	2016	2017	2016	2017
St Matthew Academy 2016	81%	67%	73%	67%	85%	72%	85%	78%
LA 2016	79%	80%	73%	73%	78%	78%	84%	87%
National 2016	74%	76%	65%	68%	73%	75%	82%	83%

Working at greater depth of the expected standard	Reading		Writing		Maths	
	2016	2017	2016	2017	2016	2017
St Matthew Academy 2016	12%	13%	4%	11%	8%	15%
National 2016	24%	25.3%	13%	15.7%	18%	20.5%

Year 2 children in June 2017 were the second cohort to be tested under the new interim framework under the New National Curriculum for Key Stage 1. The percentages of children working at or above age related expectations has dropped compared to the results of last year.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key Stage 2 SATs

Working at or above expected standard	Reading		Writing		Maths		SPAG		Reading, Writing & Maths	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
St Matthew Academy	60%	55%	67%	67%	86%	47%	86%	56%	47%	35%
LA	66%	71%	77%	77%	72%	74%	74%	76%	55%	61%
National	66%	71%	74%	76%	70%	75%	72%	77%	53%	61%

Progress score	Reading		Writing		Maths	
	2016	2017	2016	2017	2016	2017
	1.9	-2.11	1.0	0.84	2.0	-4.21

Year 6 children in June 2017 were the second cohort to be tested under the new interim framework under the New National Curriculum for Key Stage 2. The percentages of children working at age related expectations has dropped in Reading, Maths and SPAG compared to the results of last year.

Secondary Data

The summer of 2017 is the first year where new GCSEs in Maths and English together with the new grading system of 1-9 appear in the results following government reforms to the exam system. Therefore it is difficult to make direct comparisons with previous year's results.

However outcomes at KS4 saw a significant improvement across all measures with the Academy pupils achieving the best results ever.

Some of the key headlines were:

- 70% of all students in Year 11 gained a standard pass or above in both English and Maths (grade 4 to 9) – this is a 10% increase on last year's equivalent statistic
- 50% gained a strong pass in both English and Maths (grade 5 to 9)
- 23% of pupils gained the English Baccalaureate (9% in 2016)
- 20 of the new grade 9s were awarded -3 in English Language, 13 in English Literature and 4 in Mathematics
- An impressive 29% of pupils achieved at least 3 grade A or A* qualifications (and equivalents)
- 86% of pupils gained a standard pass or above in English – 14% increase on 2016
- 72% of pupils gained a standard pass or above in Maths (66% in 2016)
- Subjects with 80% or higher A* - C grades: English Literature; Geography; History; Computer Science; Art, Business Studies; Drama; Media and PE.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Special congratulations go to our highest achieving pupil who gained 3 grade 9s, 6 A*, 2 A and a Distinction*. She joins a small select club of just 2000 pupils across the country to achieve three grade 9s, the new government "gold standard".

	SMA 2015	SMA 2016	SMA 2017	National
5+ Standard passes including E&M	40%	58%	70%	53.5%
5+ Standard passes	50%	62%	75%	65.4%
Standard pass E&M	46%	60%	70%	59%
Progress 8	-0.04	+0.21	+0.25	0.0
Attainment 8 Average	44	49	49	48.5
Standard pass English	60%	72%	86%	70%
Strong pass English	n/a	n/a	74%	
Standard pass Maths	65%	66%	72%	65%
Strong pass Maths	n/a	n/a	56%	
English Baccalaureate with strong passes	n/a	n/a	23%	23%
English Baccalaureate with standard passes	11%	9%	23%	

Going concern

After making appropriate enquiries, the Interim Management Board has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Interim Management Board continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the Academy's income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, some of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2017, total expenditure of £9,620k (2016: £10,112k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £587k (2016: £584k).

At 31 August 2017 the net book value of fixed assets was £26,555k (2016: £27,407k). Movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The London Borough of Lewisham Pension Fund, in which the Academy participates, showed a deficit of £945k (2016: £2,305k) at 31 August 2017.

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of unrestricted reserves should be equivalent to four weeks' expenditure, approximately £650k (2016: £650k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves is £103k (2016: £22k) and amounts carried forward in regard to GAG funding is £590k (2016: £103k). Therefore the governors view the reserves to be adequate.

The Academy held fund balances at 31 August 2017 of £26,303k (2016: £25,227k) comprising £26,200k (2016: £25,205k) of restricted funds and £103k (2016: £22k) of unrestricted general funds. Of the restricted funds, £26,555k (2016: £27,407k) is represented by tangible fixed assets and £590k (2016: £103) is represented by general restricted grants.

The pension reserve which is considered part of restricted funds was £945k (2016: £2,305k) in deficit.

Investment policy and powers

Under the Memorandum and Articles of Association, the academy has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Principal risks and uncertainties

Risks other than financial are also covered by the risk register and for a major catastrophe there is a well-defined disaster recovery plan in place.

Risk management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Trustees are introducing systems, including operational procedures internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 12.

Risks other than financial are also covered by the risk register and for a major catastrophe there is a well-defined disaster recovery plan in place. The Academy consistently evaluates the probability of financial risks and actions taken to mitigate any potential or identified are brought to the attention of the Governing Body for approval. Events such as interest rate fluctuations, changes in education funding policies and other macro-economic variables are tracked and used to balance the Academy's risk exposure accordingly. Within this framework, the Senior Leadership Team makes recommendations to the Governing Body on risk management policies covering the compliance, financial and operational risk areas and following their approval are implemented and monitored to ensure their effectiveness.

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Principal risks and uncertainties

The following are the principal risks and uncertainties facing the Academy:

- a. **Financial viability:** The financial viability of the Academy is a risk given the Academy's current financial position and predicted changes in education funding policies combined with increased costs arising from pension schemes, updates to auto-enrolment and inflationary pressures. This risk is being managed by the regular reporting and monitoring of monthly management accounts, combined with budgeting for the next three years. Where appropriate corrective action to reduce costs is being taken, including a review of all contracts and a staff restructure.
- b. **Academy reputation:** In June 2016 the Academy had an Ofsted inspection, which graded the Academy as inadequate. This poses a significant risk to the Academy's reputation and whether future years admission numbers will be upheld. A number of the findings of the Ofsted report had been identified by the Academy prior to their visit and the Academy mitigated these risks by entering into a Catholic Partnership with Sacred Heart School and St Thomas the Apostle College, to provide managerial support to the Academy. An Interim Management Board also created in April 2016 to replace the Governing Body. These two measures have started to have an impact on the Academy's performance as evidenced by the external examination results in the summer at both key stage 2 and 4.
- c. **Staff recruitment and retention risk:** Given the risks identified above, a further risk notified is the recruitment and retention of staff. It is increasingly important that recruitment is geared towards those suitably qualified to maintain and improve on the Academy's results in the summer of 2016. To address this, the Academy's human resource team consistently adopt rigorous employee vetting procedures such as Disclosure Barring Service checks, securing references from previous employers, and occupational health checks as part of pre-employment procedures. The Academy is also implementing a performance appraisal system that ensures that high performance is recognised and rewarded accordingly. Regular one on ones and CPD programmes are in place to promote job satisfaction within the Academy.

Plans For Future Periods

We are delighted to report that following the Ofsted inspection in June 2017 the Academy received very positive feedback on most aspects of academy life. **Personal Development, Behaviour and Welfare** was been judged as '**Good**' with inspectors stating '*The school's work to promote pupils' personal development and welfare is good.*' Furthermore, our **Early Years Provison** was been judged as '**Good**' with inspectors stating '*The Early Years leader, ably supported by a consultant, has improved all aspects of the Early Years provision. Because of good teaching, children make good progress in all areas of learning.*' Additionally, the **Effectiveness of Leadership and Management** was also judged as '**Good**'. Inspectors described Academy leaders as having '*a very strong capacity for further improvement to reach the goals to which they aspire.*' They also pointed out that '*... middle leaders are enthusiastic and keen to drive forward improvements.*'

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The report correctly identified that there are still some aspects of the school that require improvement. We are using this report and our own extensive self-evaluation to further consolidate the improvements made. With this aim in place we are confident that we will deliver the highest educational standards so we can truly live up to our motto of 'let your light shine'. Teaching and learning remains our core purpose, we will ensure we deliver consistently high quality education for all pupils in all subjects and at every level. Our priorities for the 2017-18 academic year are:

Effectiveness of leadership and management

1. To develop the leadership and management skills of all senior and middle leaders to enable them to fulfil their responsibilities effectively
2. To ensure the academy provides value for money and has a site fit for purpose

Quality of teaching, learning and assessment

3. To improve the quality of teaching and learning to ensure clear expectations are set for consistently high standards
4. To consolidate whole-school and departmental assessment so that it is effective in providing teachers and leaders with a secure and accurate baseline which they can use to track pupils' progress
5. To ensure broad, balanced and appropriate curriculum pathways for all pupils

Personal development, behaviour and welfare

6. To promote the highest standards of behaviour within the Academy and beyond
7. To continue to raise attendance of the most vulnerable groups, including those who are disadvantaged, pupils who have SEND and children looked after

Outcomes for Pupils

8. To raise the attainment and progress of all pupils especially underachieving groups by a sharp focus on using assessment information effectively to support excellent outcomes for all

Early Years Provision

9. To secure outstanding outcomes for all pupils with a particular focus on narrowing the gaps for boys

Auditor

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 05 December 2017 and signed on its behalf by:

Ms P Barber
Chair

ST MATTHEW ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, 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 St Matthew Academy 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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Ms A Fashesin (Resigned 30 October 2016)	1	1
Mr A Halmos	5	6
Ms P Barber (Chair)	6	6
Mr S Cefai (Accounting Officer)	5	6
Ms C Browne Marke	5	6
Ms J Forrest	6	6
Ms M Peters	6	6
Mr J Reed	4	6

The changes to the Board are shown above.

In September 2015 a partnership was formed with Sacred Heart Catholic School and St Thomas the Apostle College and in April 2016 an Interim Management Board was put into place following the collapse of the governing body. A permanent Board is to be selected in the coming year and sufficient skills and review for effectiveness will be carried out throughout appointments.

The Resources committee is a sub-committee of the main governing body. Its purpose is to monitor the financial performance of the Academy by reviewing monthly management accounts, reviewing the adequacy of cash resources through rolling cash flow forecasts, to monitor and approve capital expenditure and to receive the termly reports of the Internal Auditor.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr A Halmos	4	5
Ms P Barber (Chair)	5	5
Mr S Cefai (Accounting Officer)	3	5
Ms C Browne Marke	3	5
Ms J Forrest	5	5
Mr J Reed	3	5

ST MATTHEW ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of value for money

As accounting officer the Executive Headteacher 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:

- The support staff structure at the Academy was reviewed and restructured to reduce costs and reflect the future needs of the Academy;
- A review has been undertaken of existing Academy contracts with the aim of reducing costs through appropriate tendering and contract management arrangements;
- The general ledger has been upgraded with associated streamlining of processes and procedures for the production of timely and accurate accounting information
- Financial Regulations require all budget holders to have regard for value for money in purchasing for purchases over £10,000 this requires specific procedures to be followed and evidence retained

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 St Matthew Academy for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

The Governing body has considered the need for a specific internal audit function and has decided not to appoint a Responsible Officer. However, the Trustees have appointed David Clark an independent Chartered Accountant, as Internal Auditor. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the academy Trust's financial systems. On a termly basis, the Internal Auditor reports to the Resources Committee on the operation of the systems of control and on the discharge of the governing Body's financial responsibilities. A copy of his report is submitted to the Trustees for information.

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GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Internal Auditor undertook two visits to the Academy during 2015/16. Testing was undertaken on the following systems:

- Payroll
- Income
- Purchases
- Expenses and Petty Cash
- General Ledger Accounting Systems; and
- Reports to the Department for Education

The Internal Auditor reported that the results of the testing undertaken was satisfactory and that no major systems weaknesses have been identified. It was also reported that the process of fully implanting the accounting system had progressed and is working well.

The Governors confirm the internal auditor has delivered their schedule of work as planned, and no material control issues arose as a result of the internal auditor's work.

Review of effectiveness

As accounting officer the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee 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 05 December 2017 and signed on its behalf by:

Ms P Barber
Chair

Mr S Cefai
Accounting Officer

ST MATTHEW ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

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

I confirm that I and the academy trust'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 2016.

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

Mr S Cefai
Accounting Officer

05 December 2017

ST MATTHEW ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who also act as governors for St Matthew Academy and are also the directors of St Matthew Academy for the purposes of company law) 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 Trustees to prepare accounts for each financial year. Under company law the Trustees 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 Trustees 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the Board of Trustees on 05 December 2017 and signed on its behalf by:

Ms P Barber
Chair

ST MATTHEW ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST MATTHEW ACADEMY

Opinion

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

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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

ST MATTHEW ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST MATTHEW ACADEMY (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

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

ST MATTHEW ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST MATTHEW ACADEMY (CONTINUED)

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. 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michelle Wilkes (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP

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Chartered Accountants
Statutory Auditor

Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

ST MATTHEW ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST MATTHEW ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 8 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 St Matthew Academy during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to St Matthew Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St Matthew Academy and 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 St Matthew Academy and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Matthew Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St Matthew Academy's funding agreement with the Secretary of State for Education dated 16 November 2005 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

ST MATTHEW ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST MATTHEW ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

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

Reporting Accountant

Wilkins Kennedy LLP
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Dated: 13 December 2017

ST MATTHEW ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	4	20	-	23	43	40
Charitable activities:						
- Funding for educational operations	5	-	8,757	-	8,757	9,041
Other trading activities	6	202	-	-	202	293
Investments	7	1	-	-	1	1
Total income and endowments		<u>223</u>	<u>8,757</u>	<u>23</u>	<u>9,003</u>	<u>9,375</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	142	8,584	894	9,620	10,112
Total expenditure	8	<u>142</u>	<u>8,584</u>	<u>894</u>	<u>9,620</u>	<u>10,112</u>
Net income/(expenditure)		81	173	(871)	(617)	(737)
Transfers between funds		-	(19)	19	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	1,693	-	1,693	(1,104)
Net movement in funds		81	1,847	(852)	1,076	(1,841)
Reconciliation of funds						
Total funds brought forward		22	(2,202)	27,407	25,227	27,068
Total funds carried forward		<u>103</u>	<u>(355)</u>	<u>26,555</u>	<u>26,303</u>	<u>25,227</u>

ST MATTHEW ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2016
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	4	31	-	9	40
Charitable activities:					
- Funding for educational operations	5	-	9,041	-	9,041
Other trading activities	6	293	-	-	293
Investments	7	1	-	-	1
Total income and endowments		<u>325</u>	<u>9,041</u>	<u>9</u>	<u>9,375</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	186	9,036	890	10,112
Total expenditure	8	<u>186</u>	<u>9,036</u>	<u>890</u>	<u>10,112</u>
Net income/(expenditure)		139	5	(881)	(737)
Transfers between funds		-	(65)	65	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	20	-	(1,104)	-	(1,104)
Net movement in funds		139	(1,164)	(816)	(1,841)
Reconciliation of funds					
Total funds brought forward		(117)	(1,038)	28,223	27,068
Total funds carried forward		<u>22</u>	<u>(2,202)</u>	<u>27,407</u>	<u>25,227</u>

ST MATTHEW ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		26,555		27,407
Current assets					
Debtors	14	227		158	
Cash at bank and in hand		806		298	
		<u>1,033</u>		<u>456</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(340)		(331)	
Net current assets			693		125
Net assets excluding pension liability			27,248		27,532
Defined benefit pension liability	20		(945)		(2,305)
Net assets			<u>26,303</u>		<u>25,227</u>
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			26,555		27,407
- Restricted income funds			590		103
- Pension reserve			(945)		(2,305)
Total restricted funds			<u>26,200</u>		<u>25,205</u>
Unrestricted income funds	18		103		22
Total funds			<u>26,303</u>		<u>25,227</u>

The accounts set out on pages 22 to 43 were approved by the Board of Trustees and authorised for issue on 05 December 2017 and are signed on its behalf by:

Ms P Barber
Chair

Company Number 05144640

ST MATTHEW ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £'000	£'000	2016 £'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	21		526		63
Cash flows from investing activities					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE and ESFA		23		9	
Payments to acquire tangible fixed assets		(42)		(9)	
			(18)		1
Change in cash and cash equivalents in the reporting period			508		64
Cash and cash equivalents at 1 September 2016			298		234
Cash and cash equivalents at 31 August 2017			806		298
Relating to:					
Bank and cash balances			806		198
Short term deposits			-		100

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006 (other than in respect of the disclosure of remunerations received by staff Trustees under employment contracts - see note 12 for details).

St Matthew Academy meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees 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 charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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 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.

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

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.

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Donated goods, facilities and services

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

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. 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.

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on 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.

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.

Governance costs

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

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets acquired since the Academy was established are included in the financial statements at cost. Assets costing less than £1,000 are written off in the period of acquisition. All other assets are capitalised.

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

The academy has a 125 year lease from conversion on the buildings with Southwark diocese.

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 property	2%
Computer equipment	25%
Fixtures, fittings & equipment	10%
Plant & motor vehicles	10%

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

1.6 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 of services it must provide.

1.7 Leasing commitments

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 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.

1.10 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 20, 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.

1.11 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education 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/Department for Education.

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2017.

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

4 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	23	23	9
Other donations	20	-	20	31
	<u>20</u>	<u>23</u>	<u>43</u>	<u>40</u>

5 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	7,839	7,839	8,007
Other DfE / ESFA grants	-	819	819	762
	<u>-</u>	<u>8,658</u>	<u>8,658</u>	<u>8,769</u>
Other government grants				
Local authority grants	-	99	99	272
	<u>-</u>	<u>99</u>	<u>99</u>	<u>272</u>
Total funding	<u>-</u>	<u>8,757</u>	<u>8,757</u>	<u>9,041</u>

6 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	5	-	5	34
Catering income	145	-	145	161
Music tuition	2	-	2	8
Other income	50	-	50	90
	<u>202</u>	<u>-</u>	<u>202</u>	<u>293</u>

7 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations					
- Direct costs	5,599	641	305	6,545	6,851
- Allocated support costs	1,367	847	861	3,075	3,261
	<u>6,966</u>	<u>1,488</u>	<u>1,166</u>	<u>9,620</u>	<u>10,112</u>

Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	10	10
- Other services	1	1
Operating lease rentals	73	113
Depreciation of tangible fixed assets	894	890
Net interest on defined benefit pension liability	52	42
	<u>960</u>	<u>1046</u>

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	-	6,545	6,545	6,851
Support costs - educational operations	142	2,933	3,075	3,261
	<u>142</u>	<u>9,478</u>	<u>9,620</u>	<u>10,112</u>

	2017 £'000	2016 £'000
Analysis of support costs		
Support staff costs	1,367	1,399
Depreciation and amortisation	253	250
Technology costs	178	344
Premises costs	521	533
Other support costs	734	720
Governance costs	22	15
	<u>3,075</u>	<u>3,261</u>

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

10 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	4,633	5,463
Social security costs	480	487
Operating costs of defined benefit pension schemes	871	835
Apprenticeship levy	3	-
	-----	-----
Staff costs	5,987	6,785
Supply staff costs	577	417
Staff restructuring costs	357	63
Staff development and other staff costs	45	32
	-----	-----
Total staff expenditure	6,966	7,297
	=====	=====

Staff numbers

The average number of persons, by headcount, employed by the academy trust during the year was as follows:

	2017 Number	2016 Number
Teachers	117	138
Administration and support	36	59
Management	6	6
	-----	-----
	159	203
	=====	=====

Higher paid staff

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

	2017 Number	2016 Number
£60,000 to £70,000	6	2
£70,001 to £80,000	3	2
£80,001 to £90,000	2	-
£210,001 to £220,000	-	1
	=====	=====

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £45,750 (2016: £63,249). Individually, the payments were: £30,000, £13,500, £1,500 and £750 (2016: £39,457, £15,000 and £8,972).

Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £526k (2016: £504k)

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

11 Trustees' remuneration and expenses

Three Trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The Executive Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff members under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Trustees.

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

M Barry(Executive Headteacher):

- Remuneration £ nil (2016: £120,000 - £125,000)
- Additional £nil (2016 £90,000-£95,000)
- Employer's pension contributions £nil (2016: £15,000 - £20,000)

A Fashesin (staff) (2 months): (2016: M Key-Lewis & A Fashesin):

- Remuneration £0- £5,000 (2016: £70,536)
- Employer's pension contributions £0- £5,000 (2016: £11,136)

The other staff Trustees listed above only received remuneration for their role as a member of staff and the salaries have been aggregated as the Trustees believe any further detailed breakdown would be prejudicial to the structure of the Governing Board.

During the year, no expense payments were reimbursed to Trustees (2016: None).

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

12 Trustees and officers insurance

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

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

13 Tangible fixed assets

	Leasehold property	Computer equipment	Fixtures, fittings & equipment	Plant & motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2016	32,019	2,054	2,116	75	36,264
Additions	21	8	13	-	42
At 31 August 2017	32,040	2,062	2,129	75	36,306
Depreciation					
At 1 September 2016	5,143	1,972	1,681	61	8,857
Charge for the year	641	33	213	7	894
At 31 August 2017	5,784	2,005	1,894	68	9,751
Net book value					
At 31 August 2017	26,256	57	235	7	26,555
At 31 August 2016	26,876	82	435	14	27,407

The leasehold property additions were for stair treading, reception partition, gate and classroom works.

14 Debtors

	2017 £'000	2016 £'000
Trade debtors	6	-
VAT recoverable	33	32
Prepayments and accrued income	188	126
	227	158

15 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	139	16
Other creditors	1	3
Accruals and deferred income	200	312
	340	331

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Deferred income	2017	2016
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	55	87
	<u> </u>	<u> </u>
Deferred income at 1 September 2016	87	-
Released from previous years	(87)	-
Amounts deferred in the year	55	87
	<u> </u>	<u> </u>
Deferred income at 31 August 2017	55	87
	<u> </u>	<u> </u>

At the balance sheet date the Academy Trust was holding funds received in advance for universal infant free school meals, rates grant and Devolved Capital Funding relating to financial year 2016/17.

17 Financial instruments	2017	2016
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	6	-
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	284	244
	<u> </u>	<u> </u>

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant	103	7,839	(7,333)	(19)	590
Other DfE / ESFA grants	-	819	(819)	-	-
Other government grants	-	99	(99)	-	-
	<u>103</u>	<u>8,757</u>	<u>(8,251)</u>	<u>(19)</u>	<u>590</u>
Funds excluding pensions	103	8,757	(8,251)	(19)	590
Pension reserve	(2,305)	-	(333)	1,693	(945)
	<u>(2,202)</u>	<u>8,757</u>	<u>(8,584)</u>	<u>1,674</u>	<u>(355)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	-	23	(894)	(23)	(894)
General fixed assets	27,407	-	-	42	27,449
	<u>27,407</u>	<u>23</u>	<u>(894)</u>	<u>19</u>	<u>26,555</u>
Total restricted funds	<u>25,205</u>	<u>8,780</u>	<u>(9,478)</u>	<u>1,693</u>	<u>26,200</u>
Unrestricted funds					
General funds	22	223	(142)	-	103
	<u>22</u>	<u>223</u>	<u>(142)</u>	<u>-</u>	<u>103</u>
Total funds	<u>25,227</u>	<u>9,003</u>	<u>(9,620)</u>	<u>1,693</u>	<u>26,303</u>

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DFE/ESFA grants: This includes the pupil premium, universal infant free school meals, rates grant, Year 7 catch up and sport grant.

LA and other grants: This includes SEN funding, pupil premium and Early Years Funding received from the Local Authority.

The DFE/ESFA capital grant includes the devolved formula capital grant.

Transfer of funds relate to the purchase of fixed assets during the period.

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	-	8,007	(7,839)	(65)	103
Other DfE / ESFA grants	-	762	(762)	-	-
Other government grants	-	272	(272)	-	-
Funds excluding pensions	-	9,041	(8,873)	(65)	103
Pension reserve	(1,038)	-	(163)	(1,104)	(2,305)
	(1,038)	9,041	(9,036)	(1,169)	(2,202)
Restricted fixed asset funds					
DfE / ESFA capital grants	-	9	-	(9)	-
General fixed assets	28,223	-	(890)	74	27,407
	28,223	9	(890)	65	27,407
Total restricted funds	27,185	9,050	(9,926)	(1,104)	25,205
Unrestricted funds					
General funds	(117)	325	(186)	-	22
Total funds	27,068	9,375	(10,112)	(1,104)	25,227

19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	26,555	26,555
Current assets	103	930	-	1,033
Creditors falling due within one year	-	(340)	-	(340)
Defined benefit pension liability	-	(945)	-	(945)
	103	(355)	26,555	26,303

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	27,407	27,407
Current assets	22	434	-	456
Creditors falling due within one year	-	(331)	-	(331)
Defined benefit pension liability	-	(2,305)	-	(2,305)
	<u>22</u>	<u>(2,202)</u>	<u>27,407</u>	<u>25,227</u>

20 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 London Borough of Lewisham. Both are multi-employer defined benefit schemes.

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 £nil (2016: £nil) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £388k (2016: £577k).

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 24.3% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £217k.

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.

Total contributions made	2017	2016
	£'000	£'000
Employer's contributions	228	258
Employees' contributions	65	71
	<hr/>	<hr/>
Total contributions	293	329
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions	2017	2016
	%	%
Rate of increases in salaries	3.1	4.1
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.1
Inflation assumption (CPI)	2.4	2.1
	<hr/> <hr/>	<hr/> <hr/>

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 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:

	2017	2016
	Years	Years
Retiring today		
- Males	22.2	21.7
- Females	24.6	24.0
Retiring in 20 years		
- Males	24.0	24.4
- Females	26.5	26.7
	=====	=====
	2017	2016
	£'000	£'000
Discount rate - 0.5%	806	945
Salary rate + 0.5%	101	347
Pension rate + 0.5%	694	566
	=====	=====
The academy trust's share of the assets in the scheme	2017	2016
	Fair value	Fair value
	£'000	£'000
Equities	3,294	3,069
Bonds	978	948
Property	412	361
Other assets	463	135
	-----	-----
Total market value of assets	5,147	4,513
	=====	=====
Actual return on scheme assets - gain/(loss)	387	753
	=====	=====
Amounts recognised in the statement of financial activities	2017	2016
	£'000	£'000
Current service cost	480	379
Past service cost	29	-
Interest income	(97)	(137)
Interest cost	149	179
	-----	-----
Total operating charge	561	421
	=====	=====

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions and similar obligations	(Continued)	
	2017	2016
	£'000	£'000
Changes in the present value of defined benefit obligations		
Obligations at 1 September 2016	4,513	4,500
Current service cost	2,785	379
Interest cost	149	179
Employee contributions	65	71
Actuarial (gain)/loss	(1,403)	1,720
Benefits paid	(46)	(31)
Past service cost	29	-
	<u>6,092</u>	<u>6,818</u>
At 31 August 2017	<u><u>6,092</u></u>	<u><u>6,818</u></u>
 Changes in the fair value of the academy trust's share of scheme assets		
	2017	2016
	£'000	£'000
Assets at 1 September 2016	4,513	3,462
Interest income	97	137
Actuarial gain	290	616
Employer contributions	228	258
Employee contributions	65	71
Benefits paid	(46)	(31)
	<u>5,147</u>	<u>4,513</u>
At 31 August 2017	<u><u>5,147</u></u>	<u><u>4,513</u></u>
 21 Reconciliation of net expenditure to net cash flows from operating activities		
	2017	2016
	£'000	£'000
Net expenditure for the reporting period	(617)	(737)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(23)	(9)
Investment income receivable	(1)	(1)
Defined benefit pension costs less contributions payable	281	121
Defined benefit pension net finance cost	52	42
Depreciation of tangible fixed assets	894	890
(Increase) in debtors	(69)	(26)
Increase/(decrease) in creditors	9	(217)
	<u>526</u>	<u>63</u>
Net cash provided by operating activities	<u><u>526</u></u>	<u><u>63</u></u>

ST MATTHEW ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

22 Contingent liabilities

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

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

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

23 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017	2016
	£'000	£'000
Amounts due within one year	73	73
	<u>73</u>	<u>73</u>

24 Related party transactions

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

During the year the Academy purchased services from Sacred Heart Catholic School amounting to £75,000 (2016: £50,000), from St Thomas the Apostle College amounting to £30,279 (2016: £25,060) and from St Thomas More Catholic Primary School amounting to £nil (2016: £14,372). At the year end £xxx (2016: £910) was due to St Thomas More Catholic Primary School. The above schools Leadership Team and working with ST Matthews by providing support as a temporary senior Leadership team within the Academy.

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.