

Stowe Valley Multi Academy Trust

Trustees' Report and Financial Statements

For the Period Ended 31 August 2019



Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

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Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Reference and Administrative Details

Members	L J Dennish D G Hazeldine (resigned 15 January 2019) P King (appointed 11 June 2019) D W Turner R M Tweed B T Wallace
Trustees	B T Wallace, Chair of Trustees D J M Billsborough, Vice Chair of Trustees (resigned 16 July 2019) K J Boucher K M Bulyka (resigned 10 December 2018) T C Byrne (appointed 29 January 2019) C L Chevassut L J Dennish (resigned 1 April 2019) K Ferguson (appointed 29 January 2019) I D Geddes K J Latham R C M Smart MBE (resigned 4 April 2019) R S Samra, Chief Executive Officer P W Wain (appointed 25 September 2018) N J Wicks (appointed 29 January 2019) J A Walsh (appointed 24 September 2019)
Company registered number	10445759
Company name	Stowe Valley Multi Academy Trust
Principal and registered office	Southam College Welsh Road West Rugby Warwickshire CV47 0JW
Senior management team	R S Samra, Chief Executive Officer and Head of Southam College S Miller, Chief Financial Officer T Chambers, Head of Bilton School E Longworth, Head of Southam Primary School and MAT Primary Lead A Bedgood, Head of Stockton Primary School and Executive Head of Rokeby Primary School M Godfrey, Head of Temple Herdewyke Primary School R Hawkins, Head of Bishops Itchington Primary School D Hibbert, Head of Byfield Primary School J James, Head of Rokeby Primary School
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Reference and Administrative Details (continued)
For the Period Ended 31 August 2019

Bankers	Lloyds Bank 73 Parade Leamington Spa Warwickshire CV32 4BB
Solicitors	Warwickshire Legal Services Resources Group Warwickshire County Council Warwickshire CV34 4RR

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Trustees' Report
For the Period Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

During the year an additional 2 primary academies joined the multi-academy trust which now operates 8 academy schools (2 secondary and 6 primary) in South Warwickshire (7) and Northamptonshire (1):

Academy School	Capacity as listed in Funding Agreement	Pupils on Roll (October 2018)
Southam College	1,650	1,665
Bilton School	1,250	954
Byfield Primary School	120	83
Stockton Primary School	126	95
Southam Primary School	294	300
Bishops Itchington Primary School	180	151
Rokeby Primary School (joined on 01/01/19)	210	190
Temple Herdewyke Primary School (joined 01/02/19)	105	67
Total	3,935	3,505

On 1st September 2019 Kineton High School (a secondary school) joined the multi-academy trust. At 31st August 2019 Kineton High School had a capacity of 1,090 pupils and had 842 pupils on the roll at October 2018.

Structure, governance and management

a. Constitution

Stowe Valley Multi Academy Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the multi academy trust. The Trustees of Stowe Valley Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Stowe Valley Multi Academy Trust.

Details of the Trustees who served during the period, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. 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.

c. Trustees' indemnities

There were no provisions required for third party indemnity. In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business.

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

During the period of this report, the Board of Trustees has averaged 11 appointments and comprises of:

- 5 – Trustees appointed by Members.
- 5 – Co-opted Trustees.
- 1 – Chief Executive Officer (Head Teacher from Southam College).

Members may appoint up to 5 trustees and the term of office for any trustee shall be four years but any trustee may be re-appointed or re-elected.

The trustees may appoint co-opted trustees. A 'co-opted trustee' means a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed. The trustees may not co-opt an employee of the company as a co-opted trustee if the number of trustees who are employed by the company (including the Head Teachers) would thereby exceed one third of the total number of trustees.

Trustees are appointed in accordance with the Articles of Association which became applicable on conversion. When a new trustee is required the following process is followed:

- In the first instance, the Academy Trust will advertise through the academy trust's local governing bodies.
- Additionally, the Academy Trust will approach specialist bodies to find replacement trustees with specific professional skills that we are unable to recruit from the community.

As a vacancy becomes available the trustees review existing experience and thereafter seek to review a new appointee with the appropriate competency for the role.

e. Policies adopted for the induction and training of Trustees

The Academy Trust continues to subscribe to Warwickshire County Council's Governor Services, which exists to provide support and training for Warwickshire's school governors. During the year a Trustee's Induction process was introduced and every new Trustee will undergo an Induction process and will be mentored by an established Trustee.

Structure, governance and management (continued)

f. Organisational structure

The multi academy trust has defined the responsibilities of each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

The Board of Trustees

The Board of Trustees has overall responsibility for the administration of the Trust's finances. The main responsibilities of the Board of Trustees are prescribed in the Master Funding Agreement and respective Supplemental Funding Agreements between the Trust and the Department for Education (DfE) and in the Trust's Scheme of Delegation. The main responsibilities include:

- Ensuring that the grant from the DfE is used only for the purposes intended.
- Approval of the annual budget for each academy.
- Appointment of the Accounting Officer.
- Appointment of the Chief Finance Officer, in conjunction with the Accounting Officer.

The Board of Trustees has wide discretion over its use of the Trust's funds, and is ultimately responsible for the proper stewardship of those funds and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money. It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance and accountability or propriety.

During the year the Trust Board has set up a Committee / Working Group structure and delegated duties to the Committees / Working Groups as per agreed Terms of Reference. However, any recommendations / decisions made by these Committees / Working Groups are referred to the Trust Board for ultimate approval.

The Committees / Working Groups formed are as follows:

- Governance, Audit and Risk Committee
- Educational Standards Committee
- Remuneration Committee (operational from September 2019)
- Policies Working Group
- Commercial Working Group

Local Governing Bodies

The Trust Board devolve responsibilities to the Local Governing Body of each academy under an approved Scheme of Delegation.

The Chief Executive Officer – Accounting Officer

The Academy Trust has appointed a Chief Executive Officer who is the appointed Trust Accounting Officer and has overall personal responsibility for:

- Probity and regularity compliance.
- Prudent and economical Trust administration.
- Keeping of proper Trust Accounts.
- Ensuring value for money and avoiding waste and extravagance across the whole Trust.
- Efficient and effective use of available Academy resources.

Structure, governance and management (continued)

The Chief Executive Officer – Accounting Officer (continued)

Much of the responsibility is delegated to the Trust's Chief Finance Officer to manage on a day-to-day basis. Additionally, within the framework that comprises the trust vision, strategic objectives and trust academy improvement plans, approved by the Board of Trustees, each Head Teacher has responsibility for their individual Academy Development Plans including the setting of their academy's individual budget and financial activities. Individual academy budgets are approved by their respective Local Governing Body and are submitted to the Board of Trustees for approval annually or as required.

The Chief Finance Officer

The Trust's Chief Finance Officer works in close collaboration with the Accounting Officer through whom she is responsible to the Board of Trustees. The Chief Finance Officer, however, also has direct access to the Board of Trustees. The main responsibilities of the Chief Finance Officer are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system.
- The management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees.
- The maintenance of effective systems of internal control.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the trust.
- The preparation of the annual operating budgets for each academy and the trust as a whole.
- The preparation of monthly managements accounts.
- The preparation of the annual capital budgets and submitting funding claims as appropriate within the specified timescales.
- Monitoring the individual capital programmes to ensure that they are delivered on time and on budget.
- Ensuring all forms and returns are sent to the relevant bodies in line within the appropriate timetable.

Other Staff

Other members of the central staff (Finance, IT, Facilities, HR etc.) and the budget holders at each academy, will have some financial responsibilities and these are detailed in the Trust's Scheme of Delegation.

All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

The pay level set for the key management personnel are based on the National Teachers Pay guidelines but, due to market forces, may have to be enhanced to ensure that the best staff are appointed. It is expected that any enhancements made can be met out of the trust / academy budgets.

At the start of each academic year the key management are set targets to meet that reflect the strategic aims of the Trust and the local academy. The performance against these targets is monitored and reviewed at regular intervals throughout the year to ascertain if the targets are being met and, if not, a plan of action is put in place to rectify the issues. An annual appraisal is held at the end of the year and a report is produced that assesses the overall performance of the staff member. This report is submitted to the Local Governing Body of the academy and the Local Governing Body will recommend a pay award that they feel they can afford within their budget. These recommendations will be ratified by the Trust, via the Remuneration Committee, if required under the Scheme of Delegation.

For staff employed centrally by the Trust, the same process is followed but the Chief Executive Officer, in conjunction with the Chief Finance Officer, will carry out the appraisal and will make the recommendation to the Board of Trustees, via the Remuneration Committee, for approval.

The annual appraisal of the Chief Executive Officer will be undertaken by the Remuneration Committee who will make a recommendation to the Board of Trustees.

h. Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, certain information is required. It is understood that this refers to trained officials who go out of school and Stowe Valley MAT does not have staff who meet this criterion.

i. Related parties and other connected charities and organisations

The Academy Trust is not part of a wider network such as a soft foundation.

Structure, governance and management (continued)

Objectives and activities

a. Objects and aims

The Objects and Aims are as described in the Articles of Association:

- a) to advance the public education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum;
- b) to promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The Academy Trust's Vision statement, which has been revised during the year and approved by the Board of Trustees, is as follows:

"Our vision is encapsulated in our motto 'Be the best you can be'. We will

- create a seamless educational experience for our pupils across all stages;
- develop responsible, capable and confident young people who are active citizens in the 21st Century;
- use our success to drive us to reach even higher standards in all Academy Schools through a rich and motivating curriculum;
- be recognised by our staff, parents and the local community as providers of a safe, creative and ethical environment reinforced by a vibrant community dimension.

Overall, we will ensure that the MAT proactively adds value to each partner school so that the whole is always greater than the sum of the individual parts."

Objectives and activities (continued)

b. Objectives, strategies and activities

Based on the Trust's Articles of Association and Vision Statement, the Board of Trustees have identified the following strategic objectives for the period 2019-2022:

1. Demonstrate educational improvement, clearly measurable in all our Academy Schools year on year.

Performance indicators:

- Ofsted, DfE feedback and academy school self-evaluation activities demonstrate action and improvement over time;
- Pupil outcomes show the progress and attainment of the majority of our pupils is in line with or exceeding national benchmarks;
- Demonstrable progress of vulnerable groups;
- The majority of teaching is good with an increasing proportion outstanding.

2. The Trust fosters an environment in which our students and staff are safe, happy, engaged and inspired, and which contributes to the development of well-rounded individuals who are prepared for the future.

Performance indicators:

- Pupils and parent surveys show high levels of satisfaction;
- Applications for admission to our schools show a rising trend over time;
- Attendance in our schools is in line with or exceeding National averages.

3. For Governance and Leadership at all levels to be based on best practice, robust and striving for excellence.

Performance indicators:

- Evidence of appropriate support and challenge in minutes of meetings;
- Members, Trustees and Governors have completed a Skills and Competency Audit, and each body can demonstrate that they have the relevant skills and experience to discharge their duties;
- Annual effectiveness reviews completed for the Trust Board by the Local Governing Bodies result in a rigorous and innovative plan, drawing on best practice across the Trust.

Objectives and activities (continued)

4. To develop our Trust to become a dynamic and sustainable organisation in line with our Strategic Vision.

Performance indicators:

- There is a robust due diligence process in place which ensures capacity within the Trust to sustain existing school and support new schools;
- Schools admitted into the Trust only when they successfully meet the requirements of the Growth Protocol;
- Annual analysis of the needs and aspirations of our students and community.

5. The Trust to have robust and sustainable finances that support our Academy Schools to be the best they can be.

Performance indicators:

- Individual schools demonstrate balanced budgets over a three-year period and/or have robust plans in place to achieve a positive balance;
- The Trust is able to build a reserve that allows the trust to support innovation and collaboration as well as mitigate against unforeseen financial requirements;
- The Trust is able to evidence income generation from grant or other alternative sources of funding, consistent with the Trust's vision, including for Capital projects.

c. Public benefit

The trustees of Stowe Valley Multi Academy Trust confirm that they have complied with their duty in Section 17(5) of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Stowe Valley Multi Academy Trust comprises of two mixed secondary schools with successful 6th Forms and six primary schools. Together they offer an excellent educational environment for over 3,500 pupils. Our successes are built upon the efforts of a highly qualified, hard-working and enthusiastic staff, well-motivated pupils, very supportive parents and a highly committed Academy Board with a strong connection with the local communities. All of our academies have high quality pastoral care systems.

The Academy Trust has excellent links with other Warwickshire Academies, local businesses and many more groups in our community. This ensures that we continue to generate better educational programmes for all young people, as well as improving transitional activities for students who will be coming to the secondary schools.

We value highly all contact with parents since we see a successful education being a partnership between parents, students and the academy. By working together, we are able to meet our aim of ensuring that all who attend our Academies will find it challenging, stimulating, caring, and a happy place to be.

Enabled by our close partnership and community connections, all pupils within the member academies are able to participate in a wide variety of sports, clubs, trips and activities.

Strategic report

Achievements and performance

a. Review of activities

The Stowe Valley Multi Academy Trusts primary output is the delivery of outstanding education to all pupils in our Academy schools. The following information and data summarises the achievement and performance data for each Academy school from an educational perspective.

The key stage 4: GCSE headline results 2019 for the 2 secondary schools is as follows:

Measure	Southam College	Bilton School	Warwickshire	National
Progress 8	+0.47	+0.00	-	-0.03
Attainment	54.35	45.3	49.7	46.5
Grade 9 - 7 in English & Maths	15%	7%	-	12%
Grade 9 - 7 in Maths	27%	13%	-	19%
Grade 9 - 7 in English	27%	21%	-	22%
Grade 9 - 5 in English & Maths	60%	41%	49%	42%
Grade 9 - 5 in Maths	65%	45%	-	49%
Grade 9 - 5 in English	77%	67%	-	61%
Grade 9 - 5 in Basics	60%	40%	-	42%
Grade 9 - 4 in Maths	85%	70%	-	71%
Grade 9 - 4 in English	91%	81%	-	77%
Grade 9 - 4 in Basics	83%	66%	-	65%
Achieving Ebacc	41%	14%	-	9%
Entering Ebacc	48%	24%	50%	17%

The Key Stage 5 "A" Level results for can be summarised as follows:

Measure	Southam College	Bilton School	National
Achievement A* - E	100%	100%	98%
Achievement A* - B	51%	33%	51%
Academic Value Added	-0.09	+0.16	-
A Level Average Points Score	35.69	29.71	-
A Level Average Grade	B-	C	-
Vocational Value Added	0.40	0.23	-
Vocational Average Grade	-D	M+	-

Strategic report (continued)

Achievements and performance (continued)

Primary School Summary

Key Stage 2 results were as follows:

Measure	Bishops Itchington	Byfield	Rokeby	Southam	Stockton	Temple Herdebyke	National
Maths - % meeting expected standard	61%	93%	64%	94%	77%	78%	79%
Maths - % achieving a higher score	9%	29%	7%	55%	8%	11%	27%
Reading - % meeting expected standard	57%	79%	68%	92%	77%	78%	73%
Reading - % achieving a higher score	9%	35%	14%	55%	8%	22%	29%
Spelling, Punctuation and Grammar - % meeting expected standard	57%	79%	64%	94%	62%	89%	78%
Spelling, Punctuation and Grammar - % achieving a higher score	26%	35%	14%	77%	8%	33%	36%
Writing Teacher Assessment - % meeting expected standard	61%	93%	78%	87%	77%	89%	78%
Writing Teacher Assessment - % achieving a higher score	17%	21%	11%	40%	8%	33%	22%
Reading, Writing and Maths combined - % meeting expected standards	57%	71%	56%	87%	62%	66%	65%
Reading, Writing and Maths combined - % achieving a higher score	9%	7%	4%	23%	0%	11%	11%

Sports / Creative achievements

All schools in the trust have a real commitment to providing students not only with outstanding academic achievements, but also with wider memorable experiences which will remain with them for the rest of their lives. Evidence for this is outlined below:

- Wide range of sporting activities which enable high levels of participation but also develop elite performance.
- Drama productions in every school.
- Huge range of visits throughout the UK and internationally
- Charity events to support local communities.

Trustees' Report (continued)
For the Period Ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

b. Key performance indicators

The Board of Trustees approved in 2018 an overall Trust budget for the year to 31st August 2019. During this year our total General Annual Grant was £15,400,086 (2018 - £13,472,200). Furthermore:

- The Trust predicted a total income of £18,136,088 (2018 - £15,468,794) and actually received £20,899,427 (2018 - £16,837,409) or 115.2% (2018 - 108.8%) (excluding assets and liabilities transferred on conversion of new schools joining the Trust).
- The Trust predicted staffing costs at £14,326,876 (2018 - £11,985,584) and we actually spent £14,558,470 (2018 - £12,064,710) or 101.6% (2018 - 100.7%).
- The Trust predicted total expenditure at £18,222,218 (2018 - £15,571,133) and we actually spent £19,039,007 (2018 - £15,852,695) (excluding depreciation and pension costs) or 104.5% (2018: 101.8%).

As the Trust continues to expand detailed key financial performance indicators are being developed.

c. Going concern

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

Financial review

a. Review of finances

In the year to 31st August 2019 the income received by each academy in the Trust averaged 10.9% more than the agreed budget and the corresponding expenditure was approximately 5.0% more than the budget. This has resulted in an increase in the reserves of the Trust whereas a deficit had been budgeted for the year.

However, the future financial position is a concern for trustees and is a major risk to the Trust. Whilst costs continue to grow, particularly staff costs, our forecasted income does not increase to the same extent. The budget for 2019/20 that was approved by the Trust in July 2019, including Kineton High School which joined on 1st September 2019, shows an increase of £5,946,204 in income and expenditure increasing by £6,009,243. However, this agreed budget allowed for staff payroll costs increasing by 2% from September 2019 rather than the 2.75% national agreement that has been subsequently approved. It is understood that additional funding will be provided for the additional 0.75%.

Every effort will be made to increase revenue and control costs during 2019/20 but we predict that the percentage of total income spent on staff costs will continue to rise over the next few years and this will place considerable pressure on other areas of the budget.

Strategic report (continued)

Financial review (continued)

a. Review of finances (continued)

During the year internal audits were carried at each school by external accountants and the audits looked at the following areas:

- Income
- Payroll
- Purchasing
- Expenses
- Bank Reconciliation
- Fixed Assets
- Information Technology, and
- Month End Procedures.

The Trust Board reviewed the individual reports submitted that state that the Multi Academy Trust and each academy continues to have good systems and controls in place for the various heading above and, other than a couple of minor points, there were generally no recommendations made. These minor recommendations will be actioned in 2019/20.

In the year to August 2018 the Trust submitted 11 bids, totalling £4.4M, to the Capital Improvement Fund (CIF) for new facilities and priority repairs and maintenance work across our academies. We were awarded capital funding of £3.85M. This money was to fund the following:

- **A new sports hall and replacement windows at Southam College;**

During 2018/19 planning permission for the new sports hall was delayed as a result of planning objections received. These objections were eventually resolved and planning permission was granted in July 2019 which has resulted in the work commencing and completion is expected in May 2020. The replacement windows project was carried out during the year.

- **A replacement heating system at Bilton School;**

This project started but regrettably the main contractor went into liquidation as a result of another contract failing. After a new tendering process, a replacement contractor was appointed and the work is now planned to be completed in November 2019.

- **A new hall and replacement windows at Byfield Primary School;**

The windows have been replaced at Byfield and a new hall has been built and handed over.

- **Replacement windows and fire doors at Bishops Itchington Primary School.**

This work has been carried out during the current year

From 2018/19, due to its structure and size, the Trust is no longer eligible to apply to the Capital Improvement Fund and now qualifies for School Condition Allocation funding (SCA). The amount of SCA received by the Trust in the current year amounted to £509,121.

Trustees' Report (continued)
For the Period Ended 31 August 2019

Strategic report (continued)

Financial review (continued)

a. Review of finances (continued)

The Trustees approved a policy on how the SCA funding would be spent and this policy is based on the criteria of CIF with compliance being one of the highest priorities. Various projects have been completed across the Trust including a new fire alarm system at Byfield Primary School and an upgrade to the fire alarm system at Stockton Primary School, upgrades to fire doors at Southam College and Bilton School and safeguarding improvements projects at Rokeby Primary School.

A bid was also submitted to Warwickshire County Council for section 106 money to build a new Nursery building at Southam Primary School. This bid was successful and a total of £424,124 was awarded to fund the project. Planning permission has been granted and the project is out for tender with a planned completion date of July 2020. However, the Trust, at the time of writing this report, is still awaiting approval from the DfE for the change of use of part of the playing fields.

b. Reserves policy

The Academy trust brought forward a healthy reserve as at 1st September 2018. During the year we received additional revenue reserves of (£159k) on the conversion of the two primary schools that joined the Trust in the year (Rokeby Primary School £87k, Temple Herdwyke Primary School £72k and a combined LGPS pension liability of (£418k)).

Prudent cost control during the year helped the Trust to achieve a revenue surplus of £119,983 compared to the budgeted deficit of £20,453 for the year to 31st August 2019.

The result of these changes to the reserve ensures that the Academy Trust start the year 2019/20 with a continuing healthy reserve (see table below).

Trust Funds	As at 31 st August 2019 £	As at 31 st August 2018 £
Restricted funds	50,952	59,176
Restricted fixed asset funds	37,634,774	33,176,655
Restricted funds excluding pension asset	37,685,726	33,235,831
Pension reserve	(7,219,000)	(4,219,000)
Total restricted funds	30,466,726	29,018,831
Unrestricted income funds	1,509,608	1,381,401
Total funds	31,976,334	30,398,232

A more detailed analysis of the above can be found in Note 19 of the annual accounts.

Prior to conversion we conduct a due diligence review of each academy which includes a high-level property survey of each site to assess the level of work that may be required over the next five years across each site. A detailed programme of work will be developed to address this requirement and some of this could be funded by the Reserves, if required.

Strategic report (continued)

Financial review (continued)

c. Investment policy

Investments will be made only in accordance with written procedures approved by the Board of Trustees. At present, all funds held by the Trust as at 31st August 2019 were in an interest bearing account with Lloyds Banking Group. Given the lack of certainty of future grant funding, enduring pressure on individual academy budgets, the scale of possible new capital projects over the next 2-3 years and the scope of the forward maintenance plan, the Trustees consider that we do not have sufficient funds to lock into an investment policy at this time. This position will be reviewed by Trustees during 2019-20.

d. Principal risks and uncertainties

The trustees have continued to roll out the new Risk Framework through the Trust during the year. Through this process, the executive leadership and trustees have had the opportunity to revamp the risk register, and as an updated process, it is currently a standing agenda item for the Governance, Audit and Risk Committee and the Trust Board meetings and all major risks are reviewed and updated. At an operational level, the internal control systems and the exposure to risks are considered on a regular basis by the Chief Executive Officer and the Academy Trust Leadership Team.

The Trust Strategic Plan outlines the academies operating procedures together with our means of identifying, analysing, managing, implementing strategies and reviewing risks. The Board of Trustees has made a considered choice about its desired risk profile, taking account of its legal obligations, its strategic objectives and public expectations of what it should deliver.

The Board of Trustees define risk as:

'The probability and implications of an activity or event of potentially positive or negative consequences taking place.'

This definition of risk enables an approach that allows for the possibility of identifying and exploiting opportunities as well as identifying and mitigating threats.

The Stowe Valley Multi Academy Trust Risk Framework comprises of 4 steps:

- **Step 1 – Risk Identification** - In simple terms, risk identification aims to recognise what could go wrong, and how. It begins with the annual review of strategic objectives and the subsequent work conducted by the Board of Trustees and the Local Governing Bodies. However, all Trustees, Local Governing Bodies, Head Teachers and members of the Academy Leadership Teams are responsible for highlighting any key risks that they identify. Strategic risks should be passed to the Academy Trust's Chief Finance Officer to collate in the Academy Trust Risk Register for further analysis.
- **Step 2 – Risk Analysis** – Risk analysis seeks to understand the likelihood of the activity or event occurring, the potential severity of the outcome, and to ascertain who owns each risk. The Academy Trust has developed a risk matrix, showing likelihood versus impact, to determine the risk of any single event occurring.
- **Step 3 – Risk Management** – Having identified and assessed the likely risks, the Board of Trustees, Local Governing Bodies, and/or the Academy Trust Leadership Team develop measures to reduce their likelihood and impact, mitigate unfavourable outcomes, and exploit opportunities that may arise. Risks are prioritised, so that attention can be focused on mitigating the most severe first.

Strategic report (continued)

Financial review (continued)

d. Principal risks and uncertainties (continued)

- **Step 4 – Review** – This process is an iterative process. The Risk Register is maintained by the Trust's central office, owned by the Trust's Chief Finance Officer; it is reviewed regularly by the Academy Leadership Team and the Chief Executive Officer who is responsible for raising strategic risks to the Governance, Audit and Risk Committee and the Board of Trustees. The Risk Framework will be reviewed at least annually by the Board of Trustees.

As at 31st August 2019 the Trust's key risks were as follows:

- **Strategic**

1) Variance of student numbers from the Published Admission Number (PAN)

A major risk to the Trust is any significant variance of student numbers from the PAN as this could result in budgetary pressure, reduced potential income, and could compromise the viability of the Trust. With regard to the primary schools in particular, it has been identified that access to, and poor standards of, nursery care can have a negative impact on the number of pupils joining the schools.

2) Potential of Trust to fail to respond to demographic changes in local community.

The Trust works closely with Warwickshire County Council and Northamptonshire County Council to ensure that the Trust can respond to a rise or fall in the number of pupils at each academy. For instance, it is noted that a significant number of housing developments within Southam could place growing pressure on Southam College and Southam Primary School which are currently operating just above their capacity as listed in the Funding Agreement.

- **Financial / Governance**

1) Inadequate budget management and/or loss of financial control

Failure to manage budgets adequately or to maintain appropriate levels of financial controls across the Trust could impact on the financial viability of the Trust. For instance, rising staff costs through any increase to Teacher Pay Scales, Employers National Insurance, Employers Pension Scheme contributions, annual increments etc. which cannot be met with savings elsewhere could impact Trust viability if the income based on the PAN does not rise in line with the net costs.

2) Trust Board Governance

Failure to establish, maintain and comply with a robust governance structure for the Trust which could result in the failure to adequately hold executive management to account and potential negative outcomes for students.

Strategic report (continued)

Financial review (continued)

d. Principal risks and uncertainties (continued)

• **Operational / People**

1) Safeguarding

Trust failure to maintain appropriate safeguarding requirements which could result in negative outcomes for students and potential litigation. Failure could also negatively affect the outcome of any OFSTED report which could affect the reputation of the Academy concerned and the Trust overall.

2) Recruitment

The inability of the Trust to recruit and retain staff which could result in the financial impact of short term cover and negative outcomes for students. In this region it is becoming increasingly difficult to attract teaching staff and senior leaders and, consequently, it is likely that the Trust will have to offer higher rates of pay to attract staff for critical posts.

3) Properties / IT Systems and infrastructure

As an evolving Trust a due diligence process is carried out on potential new academies prior to them joining the Trust. This has identified that due to the age of the properties and the different IT systems that exist, a significant property and IT systems upgrade programme will need to be implemented over the next few years but this will be dependent on trust funds and grants from the government being available.

e. Fundraising

The Academy Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

f. Plans for future periods

The Trust recognises that it is in the strategic interest of the Trust to increase in size in order to promote and preserve its academic and financial viability. Over the next 5 years the Board expect the Trust to grow, probably to contain between 12 and 15 schools. Protocols and processes will be put in place and regularly reviewed to ensure that educational, governance and financial probity is sustained and the Trust continues to deliver its vision of excellent education for all its pupils. It recognises that schools may approach the Trust directly and that the DfE may from time to time request that the Trust considers sponsoring a school or Academy that is in an unacceptable Ofsted category.

The Board of Trustees have recognised, following the growth to 9 schools between April 2017 and September 2019, that it is in the strategic interest of the Trust to consolidate during 2019/20, ensuring that

- the Trust has a robust infrastructure in place to support our schools and their students,
- the Trust review and develop key intervention strategies, and
- any future growth is carefully managed to ensure that educational, governance and financial probity is sustained.

The Trust's primary concern in any decision about expansion is to ensure the Trust continues to deliver its vision of excellent education for all its pupils. Where appropriate this may include nursery provision, primary provision, 16 to 18 provision, SEND hubs or alternative education provision.

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Period Ended 31 August 2019

Funds held as custodian on behalf of others

The Trust holds no Assets and Funds as Custodian Trustee on Behalf of Others.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Multi Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Multi Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Multi Academy Trust's equal opportunities policy, the Multi Academy Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Multi Academy Trust's offices.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

Auditors

The auditors, Dains LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 17 December 2019 and signed on its behalf by:



B T Wallace
Chair of Trustees

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Governance Statement

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 9 times during the period.

Attendance during the period at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
B T Wallace, Chair of Trustees	9	9
D J M Billsborough, Vice Chair of Trustees (resigned 16 July 2019)	7	9
K J Boucher	9	9
K M Bulyka (resigned 10 December 2018)	0	5
T C Byrne (appointed 29 January 2019)	4	4
C L Chevassut	9	9
L J Dennish (resigned 1 April 2019)	3	7
K Ferguson (appointed 29 January 2019)	2	4
I D Geddes	8	9
K J Latham	5	9
R C M Smart MBE (resigned 4 April 2019)	0	7
R S Samra, Chief Executive Officer	9	9
P W Wain (appointed 25 September 2018)	9	9
N J Wicks (appointed 29 January 2019)	4	4
J A Walsh (appointed 24 September 2019)	0	0

Note: R C M Smart MBE was absent from meetings during this year with the permission of the Trustees.

This has been a demanding year for the Board of Trustees developing the Academy Trust and particular challenges have included:

- Keeping pace with the changing political situation and how that equates to education and specifically the academy programme. Trying to pick a pathway that ensures the long term viability of the trust and its academy schools against a backdrop of an extremely challenging financial climate combined with changes of policy or delays to policy is becoming more difficult.
- Recruiting and retaining experienced, motivated and capable staff in a tightly constrained resource environment.
- Sustaining the engagement of volunteer trustees and governors within an environment which demands growing accountability and responsibility.
- Ongoing oversight of the educational performance of all the schools in the Trust.
- Overseeing the process of 2 new primary schools and 1 new secondary school joining the Trust ensuring that they are made welcome and feel part of the Trust.
- Creating effective communication protocols between the Trust Board and the increasing number of Local Governing Bodies. This is currently done by a Link Trustee appointed for each Academy who attend the Local Governing Body meeting primarily as an observer, but will provide input / feedback as required.

Governance Statement (continued)

Governance (continued)

In the summer of 2019 the Trust Board carried out an "Evaluation of Effective Governance" and each trustee completed a questionnaire with 22 questions analysed under the following heading:

- Vision, ethos and strategy
- Governance structures
- Trust Board effectiveness and conduct
- Engagement
- Effective accountability of the executive leadership
- Impact on outcomes for pupils

The results of this evaluation have been collated and continuing improvements were identified. However, certain areas, primarily succession planning and stakeholder engagement, were identified that need more attention. Improvement actions were identified for all questions to improve the effective governance during 2019/20.

A similar evaluation has been carried out at Local Governing Body level and these results are being collated for examination.

The Governance, Audit and Risk Committee is a sub-committee of the main board of Trustees.

Attendance during the period at meetings was as follows:

Trustee	Meetings attended	Out of a possible
I D Geddes, Chair	4	4
B T Wallace	4	4
C L Chevassut	4	4
R S Samra	4	4
N J Wicks (appointed 29 January 2019)	4	4

The Educational Standards Committee is also a sub-committee of the main board of Trustees.

Attendance during the period at meetings was as follows:

Trustee	Meetings attended	Out of a possible
P W Wain, Chair (appointed 25 September 2018)	2	2
K J Boucher	2	2
R S Samra	2	2

Governance Statement (continued)

Governance (continued)

Governance Reviews

Our governance structure continues to evolve and will mature as our Trust develops. Each Academy within the Trust has its own Local Governing Body who monitor the performance of their own Academy. Common terms of reference, a scheme of delegation, strategic plan and the risk register are evolving and provide the foundation of how we operate as a group of academies.

Financial performance is monitored at Trust level and by the Local Governing Body at every Academy on a regular basis. The Trust's Chief Finance Officer meets regularly with the Head Teacher, and the appropriate finance officer, to review their financial performance to date. These meetings have increased the financial information available to Head Teachers and Local Governing Bodies and provide better management information for decision making.

Trustees and Governors have conducted a skills audit to ensure that the Trust Board and Local Governing Bodies has trustees / governors with the appropriate knowledge and experience. As a result of this it has been agreed that additional trustees and governors are required to strengthen the skill set of the Trust Board and Local Governing Bodies and a recruitment programme is being undertaken.

With the likelihood that the Trust may expand during 2019/20, governance structures will continue to be subject to a full review during the year.

Committees

During 2018/19, as stated in last year's report, the Trust Board has established a Committee Structure. Initially 3 Committees, as below, were established: -

- 1) Governance, Audit and Risk;
- 2) Educational Standards; and
- 3) Remuneration (operational from September 2019)

2 working groups, as follows, were also established and these may evolve into Committees during 2019/20:

- 1) Policies; and
- 2) Commercial

All of the above Committees / Working Groups report to the full Trust Board.

The Local Governing Bodies also have, as required, various sub committees that monitor the day to day operation of the various academies.

Governance Statement (continued)

Review of value for money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the Multi 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 Multi Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. As the Multi Academy Trust is still evolving the Board are continuing to look at ways to:

- Improve the educational outcomes throughout the Trust with a view of increasing the potential number of pupils at each academy;
- Improve the purchasing power of the Trust by innovatively thinking how services can be purchased at Trust level rather than at individual academies; and
- Improve the organisational structures and reduce any staff duplication wherever possible.

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 Multi Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stowe Valley Multi Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Multi Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi Academy Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

Governance Statement (continued)

The risk and control framework

The Multi 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 Chair of Trustees, Governance, Audit and Risk Committee and Trust Board 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

A programme of work will be developed for the next year to include reviews of the state of readiness for expansion, benchmarking opportunities, the strategic plan and the effectiveness of the support staff establishment.

During the year an internal audit programme was carried out at each of the Trust's 8 academies by external accountants.

The external accountant's role includes giving advice on financial matters and performing a range of checks on the Multi Academy Trust's financial systems.

The Trust Board reviewed the individual reports submitted that state that the Multi Academy Trust and each academy continues to have good systems and controls in place and, other than a couple of minor points, there were no recommendations made.

Review of effectiveness

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

- the work of the internal and external auditors;
- the Board of Trustees;
- the work of the executive managers within the Multi Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees and a plan to address issues that have been highlighted and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 17 December 2019 and signed on their behalf by:



B T Wallace
Chair of Trustees



R S Samra
Accounting Officer

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Stowe Valley Multi Academy Trust I have considered my responsibility to notify the Multi Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Multi Academy Trust, under the funding agreement in place between the Multi 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 2018.

I confirm that I and the Multi Academy Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Multi Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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.



R S Samra
Accounting Officer

Date: 17 December 2019

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Statement of Trustees' responsibilities
For the Period Ended 31 August 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 17 December 2019 and signed on its behalf by:



B T Wallace
Chair of Trustees

Independent Auditors' Report on the financial statements to the Members of Stowe Valley Multi Academy Trust

Opinion

We have audited the financial statements of Stowe Valley Multi Academy Trust (the 'multi academy trust') for the period ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Multi Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Multi Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Multi 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.

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Stowe Valley Multi Academy Trust (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Stowe Valley Multi Academy Trust (continued)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Multi Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Multi 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 Multi Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

17 December 2019

Independent Reporting Accountant's Assurance Report on Regularity to Stowe Valley Multi Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 November 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stowe Valley Multi Academy Trust during the period 1 September 2018 to 31 August 2019 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 Stowe Valley Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stowe Valley Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Stowe Valley Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Stowe Valley Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Stowe Valley Multi Academy Trust's funding agreement with the Secretary of State for Education dated 5 April 2017 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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 Multi Academy Trust's income and expenditure.

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Stowe Valley Multi Academy Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Date: 17 December 2019

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Period Ended 31 August 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Transfer on conversion		126,539	(418,000)	3,283,922	2,992,461	7,306,709
Other donations and capital grants		70,192	889,349	1,921,559	2,881,100	1,696,773
Charitable activities:						
Funding for the academy trust's educational operations		-	17,537,222	-	17,537,222	14,827,028
Teaching schools		-	48,128	-	48,128	60,935
Other trading activities		403,690	27,185	-	430,875	251,377
Investments	6	2,102	-	-	2,102	1,399
Total income		602,523	18,083,884	5,205,481	23,891,888	24,144,221
Expenditure on:						
Raising funds		-	887,715	-	887,715	693,915
Charitable activities:						
academy trust educational operations		7,584	18,439,320	774,896	19,221,800	16,160,479
Teaching schools		-	62,271	-	62,271	58,461
Total expenditure		7,584	19,389,306	774,896	20,171,786	16,912,855
Net income/ (expenditure) before transfers		594,939	(1,305,422)	4,430,585	3,720,102	7,231,366

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account) (continued)
For the Period Ended 31 August 2019

		Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted funds - class ii 2019 £	Total funds 2019 £	Total funds 2018 £
Net income/ (expenditure) brought forward		594,939	(1,305,422)	4,430,585	3,720,102	7,231,366
Transfers between funds	19	(466,732)	439,198	27,534	-	-
Net movement in funds before other recognised gains/(losses)		128,207	(866,224)	4,458,119	3,720,102	7,231,366
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	27	-	(2,142,000)	-	(2,142,000)	1,141,000
Net movement in funds		128,207	(3,008,224)	4,458,119	1,578,102	8,372,366
Reconciliation of funds:						
Total funds brought forward		1,381,401	(4,159,824)	33,176,655	30,398,232	22,025,866
Net movement in funds		128,207	(3,008,224)	4,458,119	1,578,102	8,372,366
Total funds carried forward		1,509,608	(7,168,048)	37,634,774	31,976,334	30,398,232

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 37 to 71 form part of these financial statements.

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)
Registered number: 10445759

Balance Sheet
For the Period Ended 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	7,150	8,728
Tangible assets	15	37,099,860	33,113,254
		<u>37,107,010</u>	<u>33,121,982</u>
Current assets			
Debtors	16	916,199	1,225,103
Cash at bank and in hand		4,334,340	3,776,179
		<u>5,250,539</u>	<u>5,001,282</u>
Creditors: amounts falling due within one year	17	(3,138,235)	(3,460,699)
Net current assets		<u>2,112,304</u>	<u>1,540,583</u>
Total assets less current liabilities		<u>39,219,314</u>	<u>34,662,565</u>
Creditors: amounts falling due after more than one year	18	(23,980)	(45,333)
Net assets excluding pension liability		<u>39,195,334</u>	<u>34,617,232</u>
Defined benefit pension scheme liability	27	(7,219,000)	(4,219,000)
Total net assets		<u><u>31,976,334</u></u>	<u><u>30,398,232</u></u>
Funds of the Multi Academy Trust			
Restricted funds:			
Fixed asset funds	19	37,634,774	33,176,655
Restricted income funds	19	50,952	59,176
		<u>37,685,726</u>	<u>33,235,831</u>
Restricted funds excluding pension asset	19		
Pension reserve	19	(7,219,000)	(4,219,000)
Total restricted funds	19	<u>30,466,726</u>	<u>29,016,831</u>
Unrestricted income funds	19	<u>1,509,608</u>	<u>1,381,401</u>
Total funds		<u><u>31,976,334</u></u>	<u><u>30,398,232</u></u>

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)
Registered number: 10445759

Balance Sheet (continued)
For the Period Ended 31 August 2019

The financial statements on pages 32 to 71 were approved by the Trustees, and authorised for issue on 17 December 2019 and are signed on their behalf, by:

A handwritten signature in black ink, appearing to read 'B T Wallace', written over a horizontal line.

B T Wallace
Chair of Trustees

The notes on pages 37 to 71 form part of these financial statements.

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Period Ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	21	116,954	2,729,319
Cash flows from investing activities	23	495,734	(127,662)
Cash flows from financing activities	22	(54,527)	(26,266)
Change in cash and cash equivalents in the period		558,161	2,575,391
Cash and cash equivalents at the beginning of the period		3,776,179	1,200,788
Cash and cash equivalents at the end of the period	24	4,334,340	3,776,179

The notes on pages 37 to 71 form part of these financial statements

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 of financial statements

The financial statements of the Multi Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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 year for which it is receivable and any abatement in respect of the year 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 year it is receivable and to the extent the Multi Academy Trust has provided the goods or services.

- **Transfer on conversion**

Where assets and liabilities are received by the Multi Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Multi Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the Multi 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 Multi Academy Trust's educational operations, including support costs and costs relating to the governance of the Multi Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Multi Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

The Multi Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Multi Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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. Accounting policies (continued)

1.7 Intangible assets

Intangible assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

Computer software	-	% 33.33% straight line
-------------------	---	------------------------

1.8 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Long-term leasehold property	- 2% straight line
Long-term leasehold land	- 0.8% straight line
Furniture and fixtures	- 10% straight line
Plant and machinery	- 25% straight line
Computer equipment	- 10% straight line
Motor vehicles	- 25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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. Accounting policies (continued)

1.9 Debtors

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

1.10 Cash at bank and in hand

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

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Multi Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1. Accounting policies (continued)

1.13 Pensions

Retirement benefits to employees of the Multi Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Multi Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Multi Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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.

1.14 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The Multi Academy Trust 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 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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:

Depreciation and residual values

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Stowe Valley Multi Academy Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Transfer on conversion (Note 25)	126,539	(418,000)	3,283,922	2,992,461
Trips income	-	878,422	-	878,422
Donations	70,192	10,927	26,819	107,938
Capital Grants	-	-	1,894,740	1,894,740
	<u>196,731</u>	<u>471,349</u>	<u>5,205,481</u>	<u>5,873,561</u>

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Transfer on conversion	177,470	(374,194)	7,503,433	7,306,709
Trips income	-	700,592	-	700,592
Donations	49,088	103	-	49,191
Capital Grants	-	-	946,991	946,991
	<u>226,558</u>	<u>326,501</u>	<u>8,450,424</u>	<u>9,003,483</u>

Stowe Valley Multi Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2019

4. Funding for the Multi Academy Trust's educational operations

	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants		
General Annual Grant (GAG)	15,400,086	15,400,086
Pupil Premium	621,284	621,284
Other DfE/ESFA grants	575,313	575,313
	16,596,683	16,596,683
Other government grants		
Local Authority grants	261,274	261,274
Nursery income	159,866	159,866
	421,140	421,140
Other funding		
Other income	161,735	161,735
Catering income	357,664	357,664
	519,399	519,399
	17,537,222	17,537,222

Stowe Valley Multi Academy Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	13,472,200	13,472,200
Pupil Premium	-	484,322	484,322
Other DfE/ESFA grants	-	271,252	271,252
	-	14,227,774	14,227,774
Other government grants			
Local Authority grants	-	230,206	230,206
Nursery income	-	12,280	12,280
	-	242,486	242,486
Other funding			
Other income	408	51,769	52,177
Catering income	1,265	303,326	304,591
	1,673	355,095	356,768
	1,673	14,825,355	14,827,028

Notes to the Financial Statements
For the Period Ended 31 August 2019

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Income from other activities	305,290	27,185	332,475
Lettings	44,941	-	44,941
Other recharges	7,598	-	7,598
School support income	45,861	-	45,861
	<u>403,690</u>	<u>27,185</u>	<u>430,875</u>

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Income from other activities	166,960	20,852	187,812
Lettings	34,352	-	34,352
Other recharges	1,346	-	1,346
School support income	27,867	-	27,867
	<u>230,525</u>	<u>20,852</u>	<u>251,377</u>

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest receivable	2,102	2,102	1,399

Notes to the Financial Statements
For the Period Ended 31 August 2019

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on raising voluntary income:				
Direct costs	-	-	887,715	887,715
Educational Operations:				
Direct costs	11,692,673	557,992	1,142,473	13,393,138
Support costs	3,050,986	945,306	1,832,370	5,828,662
Teaching school	-	-	62,271	62,271
	<u>14,743,659</u>	<u>1,503,298</u>	<u>3,924,829</u>	<u>20,171,786</u>
	Staff Costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £
Expenditure on raising voluntary income:				
Direct costs	-	-	693,915	693,915
Educational Operations:				
Direct costs	9,828,117	454,701	1,037,021	11,319,839
Support costs	2,422,674	876,820	1,541,146	4,840,640
Teaching school	-	-	58,461	58,461
	<u>12,250,791</u>	<u>1,331,521</u>	<u>3,330,543</u>	<u>16,912,855</u>

Notes to the Financial Statements
For the Period Ended 31 August 2019

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational Operations	13,393,138	5,828,662	19,221,800

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational Operations	11,319,839	4,840,640	16,160,479

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
LGPS finance cost	129,000	122,000
Staff costs	11,663,872	9,828,117
Depreciation	588,138	454,701
Educational supplies	382,537	307,303
Examination fees	297,007	325,960
Travel and subsistence	11,410	15,485
Other direct costs	321,174	266,273
	<u>13,393,138</u>	<u>11,319,839</u>

Notes to the Financial Statements
For the Period Ended 31 August 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	3,039,014	2,422,674
Depreciation	104,641	120,357
Staff development	72,436	53,688
Technology costs	290,069	247,733
Catering costs	358,182	210,713
Travel and subsistence	23,016	13,994
Other direct costs	436,724	340,726
Recruitment and support	151,040	224,250
Maintenance of premises	363,154	367,279
Maintenance of equipment	14,345	17,632
Cleaning	175,962	130,621
Operating leases	116,407	174,355
Rates	70,126	54,666
Water rates	52,317	43,947
Energy	283,746	193,812
Insurance	216,580	160,876
Transport	59,325	61,739
Amortisation	1,578	1,578
	5,828,662	4,840,640

9. Net income/(expenditure)

Net income/(expenditure) for the period includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	692,779	575,058
Amortisation of intangible assets	1,578	1,578
Fees paid to auditors for:		
- audit	22,250	18,750
- other services	1,450	1,125

Notes to the Financial Statements
For the Period Ended 31 August 2019

10. Staff costs

a. Staff costs

Staff costs during the period were as follows:

	2019 £	2018 £
Wages and salaries	11,256,537	9,282,540
Social security costs	1,062,512	872,700
Pension costs	2,239,421	1,909,470
	<u>14,558,470</u>	<u>12,064,710</u>
Agency staff costs	165,955	186,081
Staff restructuring costs	19,234	-
	<u>14,743,659</u>	<u>12,250,791</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	2,384	-
Severance payments	16,850	-
	<u>19,234</u>	<u>-</u>

b. Non-statutory/non-contractual staff severance payments

Four non-contractual staff severance payments were made in the year of £950, £3,000 £3,900 and £5,510.

c. Staff numbers

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

	2019 No.	2018 No.
Management	27	23
Teachers	215	169
Admin and support	246	202
	<u>488</u>	<u>394</u>

10. Staff costs (continued)

d. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	5
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	1	1
In the band £150,001 - £160,000	-	1
In the band £160,001 - £170,000	1	-
	<u>1</u>	<u>-</u>

e. Key management personnel

The key management personnel of the Multi Academy Trust comprises the senior management team as detailed on page 1. The total amount of employee benefits (including employer pension contributions and employer's national insurance) paid to key management personnel for their services to the Multi Academy Trust was £798,543 (2018 - £530,023).

Stowe Valley Multi Academy Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

11. Central services

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

- School improvement
- Finance services
- Administration
- IT services
- Human resources
- Facilities services

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

3% of age weighted pupil unit (AWPU) funding plus lump sum.

The actual amounts charged during the period were as follows:

	2019 £	2018 £
Bilton School	121,074	156,663
Byfield Primary School	9,831	11,231
Southam College	203,488	257,797
Stockton Primary School	11,376	5,837
Southam Primary School	26,457	12,241
Bishops Itchington Primary School	15,826	2,660
Rokeby Primary School	14,487	-
Temple Herdewyke Primary School	5,124	-
Total	407,663	446,429

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Multi Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £000	2018 £000
R S Samra, Chief Executive Officer	Remuneration	165 - 170	155 - 160
	Pension contributions paid	25 - 30	25 - 30

During the period ended 31 August 2019, no Trustee expenses have been incurred (2018 - £Nil).

Notes to the Financial Statements
For the Period Ended 31 August 2019

13. Trustees' and Officers' insurance

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

14. Intangible assets

	Computer software £
Cost	
At 1 September 2018	10,664
At 31 August 2019	<u>10,664</u>
Amortisation	
At 1 September 2018	1,936
Charge for the year	1,578
At 31 August 2019	<u>3,514</u>
Net book value	
At 31 August 2019	<u><u>7,150</u></u>
At 31 August 2018	<u><u>8,728</u></u>

Stowe Valley Multi Academy Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

15. Tangible fixed assets

	Long-term leasehold land and buildings £	Furniture and fixtures £	Computer equipment £	Motor vehicles £	Assets under constructio n £	Total £
Cost or valuation						
At 1 September 2018	33,439,130	864,054	277,649	3,800	489,107	35,073,740
Additions	4,413,438	138,568	103,316	-	24,063	4,679,385
Transfers between classes	513,170	-	-	-	(513,170)	-
At 31 August 2019	<u>38,365,738</u>	<u>1,002,622</u>	<u>380,965</u>	<u>3,800</u>	<u>-</u>	<u>39,753,125</u>
Depreciation						
At 1 September 2018	1,362,642	422,293	174,363	1,188	-	1,960,486
Charge for the period	559,604	81,781	50,444	950	-	692,779
At 31 August 2019	<u>1,922,246</u>	<u>504,074</u>	<u>224,807</u>	<u>2,138</u>	<u>-</u>	<u>2,653,265</u>
Net book value						
At 31 August 2019	<u>36,443,492</u>	<u>498,548</u>	<u>156,158</u>	<u>1,662</u>	<u>-</u>	<u>37,099,860</u>
At 31 August 2018	<u>32,076,488</u>	<u>441,761</u>	<u>103,286</u>	<u>2,612</u>	<u>489,107</u>	<u>33,113,254</u>

The long-term leasehold land and buildings figure above does not include Byfield Primary School due to an appropriate valuation not being available for as at the date of signing of these financial statements.

16. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	36,268	92,777
Amounts owed by group undertakings	-	-
Other debtors	206,989	566,312
Prepayments and accrued income	672,942	566,014
	<u>916,199</u>	<u>1,225,103</u>

Notes to the Financial Statements
For the Period Ended 31 August 2019

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	21,352	54,526
Trade creditors	700,541	439,450
Amounts owed to group undertakings	-	-
Other taxation and social security	-	819,671
Other creditors	10,949	367,693
Accruals and deferred income	2,405,393	1,779,359
	<u>3,138,235</u>	<u>3,460,699</u>
	2019 £	2018 £
Deferred income at 1 September 2018	1,525,598	229,956
Resources deferred during the period	2,243,528	1,525,598
Amounts released from previous periods	(1,525,598)	(229,956)
	<u>2,243,528</u>	<u>1,525,598</u>

Included within deferred income are unspent capital funding, amounts received for educational visits in advance and funding received from the DfE/ESFA in advance..

18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	<u>23,980</u>	<u>45,333</u>

During the period, a loan of £40,000 was repaid to Warwickshire County Council, which had been inherited on conversion. At the balance sheet date, a Salix loan totalling £4,376 (2018 - £5,251) was outstanding. A further amount of £40,956 (2018 - £54,608) is due to the ESFA relating to a debt inherited on conversion.

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Notes to the Financial Statements
For the Period Ended 31 August 2019

19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Football Foundation capital fund	40,000	-	(3,992)	-	-	36,008
General funds						
General Funds	1,341,401	602,523	(3,592)	(466,732)	-	1,473,600
Total Unrestricted funds	1,381,401	602,523	(7,584)	(466,732)	-	1,509,608
Restricted general funds						
General Annual Grant (GAG)	-	15,400,086	(15,838,766)	438,680	-	-
Pupil Premium	-	621,284	(621,284)	-	-	-
Other DfE/ESFA grants	-	575,313	(575,313)	-	-	-
Other government grants	-	261,274	(261,274)	-	-	-
Other restricted income	27,309	1,210,950	(1,209,316)	-	-	28,943
Catering income	-	357,664	(358,182)	518	-	-
Community Education	29,393	27,185	(22,900)	-	-	33,678
Teaching School	2,474	48,128	(62,271)	-	-	(11,669)
Pension reserve	(4,219,000)	(418,000)	(440,000)	-	(2,142,000)	(7,219,000)
	(4,159,824)	18,083,884	(19,389,306)	439,198	(2,142,000)	(7,168,048)

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Notes to the Financial Statements
For the Period Ended 31 August 2019

19. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Transfer on conversion	31,958,700	3,283,922	(583,646)	-	-	34,658,976
DfE/ESFA capital grants	781,622	1,894,740	(125,777)	-	-	2,550,585
Other capital grants and income	228,225	9,406	(4,141)	-	-	233,490
Assets purchased from GAG	208,108	-	(43,919)	27,534	-	191,723
Capital donations	-	17,413	(17,413)	-	-	-
	<u>33,176,655</u>	<u>5,205,481</u>	<u>(774,896)</u>	<u>27,534</u>	<u>-</u>	<u>37,634,774</u>
Total Restricted funds	<u>29,016,831</u>	<u>23,289,365</u>	<u>(20,164,202)</u>	<u>466,732</u>	<u>(2,142,000)</u>	<u>30,466,726</u>
Total funds	<u>30,398,232</u>	<u>23,891,888</u>	<u>(20,171,786)</u>	<u>-</u>	<u>(2,142,000)</u>	<u>31,976,334</u>

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

Restricted general funds

This fund represents grants and other income received for the Multi Academy Trust's operational activities and development.

Pension reserve

The pension reserve included within restricted general funds represents the Multi Academy Trust's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset fund

This fund represents grants received from the DfE and ESFA to carry out works of a capital nature and capital expenditure funded from GAG.

Under the funding agreement with the Secretary of State, the Multi Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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Notes to the Financial Statements
For the Period Ended 31 August 2019

19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Bilton School	115,747	245,327
Byfield Primary School	36,934	54,560
Southam College	669,926	693,792
Stockton Primary School	27,142	5,958
Southam Primary School	343,032	235,827
Bishops Itchington Primary School	36,756	(39,059)
Rokeby Primary School	138,377	-
Temple Herdewyke Primary School	15,175	-
Multi Academy Trust	177,471	244,172
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,560,560	1,440,577
Restricted fixed asset fund	37,634,774	33,176,655
Pension reserve	(7,219,000)	(4,219,000)
	<hr/>	<hr/>
Total	31,976,334	30,398,232
	<hr/> <hr/>	<hr/> <hr/>

Stowe Valley Multi Academy Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

19. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
Bilton School	3,281,166	1,060,023	253,557	1,014,805	5,609,551
Byfield Primary School	313,692	61,764	11,345	80,880	467,681
Southam College	5,641,479	1,079,396	335,905	1,863,008	8,919,788
Stockton Primary School	335,472	74,333	10,114	128,091	548,010
Southam Primary School	652,902	280,441	32,110	235,344	1,200,797
Bishops Itchington Primary School	470,794	141,637	13,694	127,812	753,937
Rokeby Primary School	480,756	90,326	15,611	147,745	734,438
Temple Herdewyke Primary School	175,310	76,651	6,715	56,322	314,998
Multi Academy Trust	441,301	174,443	493	313,401	929,638
Multi Academy Trust	11,792,872	3,039,014	679,544	3,967,408	19,478,838

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Notes to the Financial Statements
For the Period Ended 31 August 2019

19. Statement of funds (continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Designated funds						
Football Foundation capital fund	-	-	-	40,000	-	40,000
General funds						
General Funds	1,082,893	460,154	(20,632)	(181,014)	-	1,341,401
Total Unrestricted funds	<u>1,082,893</u>	<u>460,154</u>	<u>(20,632)</u>	<u>(141,014)</u>	<u>-</u>	<u>1,381,401</u>
Restricted general funds						
General Annual Grant (GAG)	252,659	13,506,456	(13,761,681)	2,566	-	-
Pupil Premium	-	431,164	(431,164)	-	-	-
Other DfE/ESFA grants	-	233,669	(233,669)	-	-	-
Other government grants	-	230,206	(230,206)	-	-	-
Other restricted income	-	817,932	(790,623)	-	-	27,309
Catering income	1,981	303,326	(305,307)	-	-	-
Community Education	27,914	20,852	(19,373)	-	-	29,393
Teaching School	-	60,935	(58,461)	-	-	2,474
Pension reserve	(4,504,000)	(371,000)	(485,000)	-	1,141,000	(4,219,000)
	<u>(4,221,446)</u>	<u>15,233,540</u>	<u>(16,315,484)</u>	<u>2,566</u>	<u>1,141,000</u>	<u>(4,159,824)</u>

Notes to the Financial Statements
For the Period Ended 31 August 2019

19. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted fixed asset funds						
Transfer on conversion	25,048,815	7,457,750	(547,865)	-	-	31,958,700
DfE/ESFA capital grants	24,294	764,449	(7,121)	-	-	781,622
Other capital grants and income	-	228,225	-	-	-	228,225
Assets purchased from GAG	91,310	-	(21,650)	138,448	-	208,108
	<u>25,164,419</u>	<u>8,450,424</u>	<u>(576,636)</u>	<u>138,448</u>	<u>-</u>	<u>33,176,655</u>
Total Restricted funds	<u>20,942,973</u>	<u>23,683,964</u>	<u>(16,892,120)</u>	<u>141,014</u>	<u>1,141,000</u>	<u>29,016,831</u>
Total funds	<u>22,025,866</u>	<u>24,144,118</u>	<u>(16,912,752)</u>	<u>-</u>	<u>1,141,000</u>	<u>30,398,232</u>

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	37,099,860	37,099,860
Intangible fixed assets	-	-	7,150	7,150
Current assets	1,453,383	1,272,944	2,524,212	5,250,539
Creditors due within one year	-	(1,141,787)	(1,996,448)	(3,138,235)
Creditors due in more than one year	-	(23,980)	-	(23,980)
Provisions for liabilities and charges	-	(7,219,000)	-	(7,219,000)
Total	<u>1,509,608</u>	<u>(7,168,048)</u>	<u>37,634,774</u>	<u>31,976,334</u>

Notes to the Financial Statements
For the Period Ended 31 August 2019

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	33,113,254	33,113,254
Intangible fixed assets	-	-	8,728	8,728
Current assets	1,386,161	2,249,317	1,365,804	5,001,282
Creditors due within one year	(4,760)	(2,144,808)	(1,311,131)	(3,460,699)
Creditors due in more than one year	-	(45,333)	-	(45,333)
Provisions for liabilities and charges	-	(4,219,000)	-	(4,219,000)
Total	1,381,401	(4,159,824)	33,176,655	30,398,232

21. Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	3,720,102	7,231,366
Adjustments for:		
Amortisation	1,578	1,578
Depreciation	692,779	575,058
Capital grants from DfE and other capital income	(1,921,559)	(946,991)
Interest receivable	(2,102)	(1,399)
Defined benefit pension scheme obligation inherited	418,000	371,000
Defined benefit pension scheme cost less contributions payable	311,000	363,000
Defined benefit pension scheme finance cost	129,000	122,000
Decrease in debtors	308,904	115,546
(Decrease)/increase in creditors	(289,290)	2,355,911
Net gain on assets and liabilities on conversion	(3,251,458)	(7,457,750)
Net cash provided by operating activities	116,954	2,729,319

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22. Cash flows from financing activities

	2019 £	2018 £
Cash inflows from new borrowing	-	54,608
Repayments of borrowing	(54,527)	(80,874)
Net cash used in financing activities	(54,527)	(26,266)

23. Cash flows from investing activities

	2019 £	2018 £
Bank interest received	2,102	1,399
Purchase of intangible assets	-	(7,905)
Purchase of tangible fixed assets	(1,427,927)	(1,068,147)
Capital grants from DfE Group	1,894,740	718,766
Capital funding received from sponsors and others	26,819	228,225
Net cash provided by/(used in) investing activities	495,734	(127,662)

24. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	4,334,340	3,776,179
Total cash and cash equivalents	4,334,340	3,776,179

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Notes to the Financial Statements
For the Period Ended 31 August 2019

25. Conversion to an academy trust

On 1 January 2019 and 1 February 2019 Rokeby Primary School and Temple Herdewyke Primary School respectively converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Stowe Valley Multi Academy Trust from Warwickshire County Council for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings (Rokeby Primary School)	-	-	2,537,772	2,537,772
Leasehold land and buildings (Temple Herdewyke Primary School)	-	-	713,686	713,686
Current assets				
Cash - representing budget surplus on local authority funds (Rokeby Primary School)	72,146	-	15,335	87,481
Cash - representing budget surplus on local authority funds (Temple Herdewyke Primary School)	54,393	-	17,129	71,522
Current liabilities				
LGPS pension deficit - combined	-	(418,000)	-	(418,000)
Net assets/(liabilities)	<u>126,539</u>	<u>(418,000)</u>	<u>3,283,922</u>	<u>2,992,461</u>

The above net assets include £159,003 that was transferred as cash.

26. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>2,485,338</u>	<u>172,688</u>

27. Pension commitments

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

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

Contributions amounting to £3,992 were payable to the schemes at 31 August 2019 (2018 - £252,950) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Notes to the Financial Statements
For the Period Ended 31 August 2019

27. Pension commitments (continued)

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £1,305,000 (2018 - £1,059,000).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2019 was £739,000 (2018 - £577,000), of which employer's contributions totalled £587,000 (2018 - £456,000) and employees' contributions totalled £ 152,000 (2018 - £121,000). The agreed contribution rates for future years are 19.8% and 23.7% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.80	2.80
Rate of increase for pensions in payment/inflation	2.30	2.30
Discount rate for scheme liabilities	1.90	2.80

Notes to the Financial Statements
For the Period Ended 31 August 2019

27. Pension commitments (continued)

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.8	22.3
Females	23.9	24.5
<i>Retiring in 20 years</i>		
Males	23.2	22.3
Females	25.6	26.4

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(401)	(265)
Discount rate -0.1%	401	265
Pension increase rate +0.1%	313	199
Pension increase rate -0.1%	(313)	(199)
Salary increase rate +0.1%	79	61
Salary increase rate -0.1%	(79)	(61)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	3,873,000	3,073,000
Bonds	1,640,000	1,068,000
Property	757,000	583,000
Cash and other liquid assets	64,000	146,000
Total market value of assets	6,334,000	4,870,000

The actual return on scheme assets was £368,000 (2018 - £200,000).

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Notes to the Financial Statements
For the Period Ended 31 August 2019

27. Pension commitments (continued)

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

	2019 £	2018 £
Current service cost	(898,000)	(819,000)
Interest income	153,000	105,000
Interest cost	(282,000)	(227,000)
Total amount recognised in the Statement of Financial Activities	(1,027,000)	(941,000)

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

	2019 £	2018 £
At 1 September	9,089,000	8,244,000
Conversion of academy trusts	792,000	740,000
Current service cost	898,000	819,000
Interest cost	282,000	227,000
Employee contributions	152,000	121,000
Actuarial losses/(gains)	2,357,000	(1,046,000)
Benefits paid	(17,000)	(16,000)
At 31 August	13,553,000	9,089,000

Changes in the fair value of the Multi Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	4,870,000	3,740,000
Conversion of academy trusts	374,000	369,000
Interest income	153,000	105,000
Actuarial gains	215,000	95,000
Employer contributions	587,000	456,000
Employee contributions	152,000	121,000
Benefits paid	(17,000)	(16,000)
At 31 August	6,334,000	4,870,000

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Notes to the Financial Statements
For the Period Ended 31 August 2019

28. Operating lease commitments

At 31 August 2019 the Multi Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	98,372	48,887
Later than 1 year and not later than 5 years	98,880	39,301
	<u>197,252</u>	<u>88,188</u>

29. Members' liability

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

30. Related party transactions

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

31. Teaching school trading account

	2019 £	2019 £	2018 £	2018 £
Income				
Direct income				
Grant income	48,128		60,935	
Total income		48,128		60,935
Expenditure				
Direct expenditure				
Teaching school costs	62,271		58,461	
Total expenditure		62,271		58,461
(Deficit)/surplus from all sources		(14,143)		2,474
Teaching school balances at 1 September 2018		2,474		-
Teaching school balances at 31 August 2019		<u>(11,669)</u>		<u>2,474</u>