

**Mercia Primary Academy Trust  
(A Company Limited by Guarantee)  
Annual Report and Financial Statements  
Year ended 31 August 2019**

Company Registration Number:  
07848904 (England and Wales)



# Mercia Primary Academy Trust

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# Mercia Primary Academy Trust

## Reference and Administrative Details

### Members

M Hambly  
V M C Van Den Bergh  
S Boden

### Trustees

L M Colclough (Ofsted Reg. Childminder, Trust Director)  
R J Lane (Chief Executive Officer, Trust Director)  
V M C Van Den Bergh (Minister of Religion, Trust Director)  
M Haywood (Trust Director)  
A Dolphin (Trust Director)  
A Taylor (Trust Director)  
D Probert (Trust Director)  
G Hirons (Trust Director)

### Company Secretary

R G McConnell (MAT Business Manager)

### Senior Management Team

R J Lane (Headteacher)  
N Probert (Headteacher)  
M L Booth (Head of schools)  
V Smith (Deputy Head Teacher)  
T J Matthews (MAT Business Manager)  
R G McConnell (MAT Business Manager)

### Company Name

Mercia Primary Academy Trust

### Principal and Registered Office

Chestnut Avenue  
Tamworth  
B79 8QZ

### Company Registration Number

08748904 (England and Wales)

### Academies Operated

Lark Hall Infant Academy, Staffordshire  
Flax Hill Junior Academy, Staffordshire  
Lakeside Primary Academy, Staffordshire

### Principal

R Lane  
R Lane  
N Probert

### Independent Auditor

Haines Watts  
Chartered Accountants and Statutory Auditors  
Sterling House  
97 Lichfield Street  
Tamworth  
Staffordshire  
B79 7QF

### Bankers

Lloyds Bank  
17 George Street  
Tamworth  
B79 7LW

**Other Advisors**

Entrust Support Services  
Riverway Centre  
Riverway  
Stafford  
ST16 3TH

# Mercia Primary Academy Trust

## Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1<sup>st</sup> September 2018 to 31<sup>st</sup> August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates one infant, one junior and one primary academy in Tamworth, Staffordshire. Lark Hall Infant has a capacity of 90 with 85 on roll as of the January 2019 census not including pre-school. Flax Hill Junior has a capacity of 300 with 273 on roll as of the January 2019 census. At the time of joining the Trust, Lakeside had a capacity of 210 with 210 on roll from the January 2019 census.

## Structure, Governance and Management

### Constitution

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

The constituent academies of the trust are:

- Lark Hall Infant & Nursery Academy
- Flax Hill Junior Academy
- Lakeside Primary Academy

The trustees of Mercia Primary Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Mercia Primary Academy Trust.

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

### Members' Liability

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

### Trustees' Indemnities

As part of the overall insurance cover taken out with third party insurers the Academy has taken out insurance relating to Governors' indemnity. The limit of indemnity cover is £25 million in this respect.

### Method of Recruitment and Appointment or Election of Trustees

The management of the academy trust is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association pages 20 – 26.

### Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new governors and trustees will depend upon their existing experience. Induction is tailored specifically to the individual. New trustees are invited to attend "Welcome to being a Governor" training event run by Entrust Education Services. Webinars are also available for trustees to participate in. Policies and Procedures Adopted for the Induction and Training of Trustees All new trustees are provided with an induction pack and an informal induction talk by the Headteacher.

The Clerk to Trustees keeps a log of courses attended and training is a standard agenda item.

Trustees participate in an annual self-review process to highlight any weaknesses and to address any additional training needs.

The Business Managers will provide training relating to the finance system if required.

### Organisational Structure

The board of trustees are responsible for the overall strategic direction of the academy trust. The trustees have a duty to act in the fulfilment of the academy trust objects. They set the strategic direction, and determine the policies and procedures of the academy trust whilst holding each academy within the academy trust to

account. The trustees will meet at least three times a year and local governing body committees will report to meetings of the board of trustees throughout the year.

Each academy within the academy trust is governed by a Local Governing Body (LGB) which is appointed by the board of trustees and elected by staff and parents in a manner similar to the board of trustees. The LGB is responsible for determining the strategic direction of the academy in accordance with the overall strategic direction of the academy trust. The LGB should engage with the local community, constructively challenge the leadership team of the academy and provide evaluative feedback and supporting evidence to the board of trustees on the impact and effectiveness of the collective and individuals aims, objectives, policies, targets and future plans.

The board of trustees and each LGB do not exercise a managerial role. The leadership and management across the academy trust is delegated by the board of trustees to the Senior Leadership Team within each academy. The Senior Leadership Teams are responsible at an executive level for implementing the policies laid down by board of trustees and reporting back to them through various committees. This includes actions concerning the budget, staffing, and school improvement.

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

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

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

Incremental rises are dependent upon the successful completion of the previous years' performance management cycle and quality assured by the Senior Leadership Team within each academy. Recommendations for pay increases are made by the Senior Leadership Team to the academy committee and their decision is validated by the board of trustees at the Autumn term meeting.

### **Related Parties and other Connected Charities and Organisations**

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

In respect of the current year, no transactions have taken place with related parties and other connected charities and organisations.

## **Objectives and Activities**

### **Objects and Aims**

Our Aim - Everyone is valued and shares responsibility for the challenging learning that takes place

Through partnership between Governors, staff, parents, pupils, external partners and the local community, the Academy Trust will provide the facilities, resources and vision to enable the Academy to flourish and provide pupils with the best possible education.

Improvement focusses identified for this year included:

- Reading
- Broad and Balanced curriculum
- Creation of Learning Networks
- Reaching out to other local schools who may wish to join the Trust.

### **Objectives, Strategies and Activities**

The strategic goals of the academy trust are:

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

- Establish and monitoring a system of governance through effective academy committees.
  - Providing intervention to support school improvement.
  - Developing collaborative curriculum activities to support key skill development, increasing independence and vocational/work-related learning.
  - Developing monitoring and evaluating strategies and procedures that will drive school improvement.
  - Supporting the procurement of best value central services.
  - Collaboratively sharing and supporting best practice.
2. To provide the same high quality of education provision to pupils outside of the trust to help achieve the government's aim of the same standard of education for all children. This will be achieved by:
- Developing a systematic marketing strategy and work with local stakeholders, Headteacher forums and the DfE to identify potential schools and academies that wish to join the academy trust.
  - Build capacity by creating a robust management structure which involves building a central team to support the board of trustees.
  - Develop training based on the expertise within the academy trust that can be delivered to other education providers.

Develop more effective means on collaboration with other education providers to share best practice and encourage

**Public Benefit**

Mercia Primary Academy Trust is approved by the Department of Education (DfE) and funded wholly by the Education Skills Funding Agency (ESFA) to further the education of pupils admitted under the requirements set by the ESFA Funding Agreement with the admission of pupils without fee. Parents are able to apply for their children to be admitted in accordance with these requirements. Governors ensure that applications are considered appropriately.

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

**Strategic Report**

Both Lark Hall Infant Academy and Flax Hill Junior Academy received Ofsted during 2016-2017. As an independent report on the school's quality and progress they reflect the long term progress both schools are making. Lakeside Primary Academy was graded as good during their Ofsted inspection in 2014-2015.

**Flax Hill****This school continues to be good.**

The leadership team has maintained the good quality of education in the school since the last inspection. You have further strengthened leadership within the school, through the appointment of the deputy Headteacher and the leader of provision for pupils who have special educational needs and/or disabilities. They, together with the head of school, provide strong and effective leadership that has helped to improve teaching and outcomes for pupils. You have also ensured that those pupils who had not been making the progress that was expected of them, and who were falling behind the attainment of their classmates, are now provided with appropriate support that allows them to catch up in their learning.

Flax Hill Junior Academy is a warm and welcoming school that provides a safe and nurturing environment for its pupils. Nov 2016 Ofsted

**Attainment: End of KS2**

| Yr Group | Attainment (scaled score) | Reading |           | Writing |           | Mathematics |           | SPAG |           | RWM |           |
|----------|---------------------------|---------|-----------|---------|-----------|-------------|-----------|------|-----------|-----|-----------|
|          |                           | All     |           | All     |           | All         |           | All  |           | All |           |
|          |                           | Sch     | NA*       | Sch     | NA*       | Sch         | NA*       | Sch  | NA*       | Sch | NA*       |
| 6        | EXP+ (%)                  | 77      | <b>73</b> | 81      | <b>78</b> | 91          | <b>79</b> | 84   | <b>78</b> | 73  | <b>65</b> |

(\*NA( KS2) 2019)

## Lark Hall

**This school continues to be good.**

The leadership team has maintained the good quality of education in the school since the last inspection. Following the school's conversion to an academy in 2014, you took the opportunity to reorganise leadership roles and responsibilities. You appointed subject leaders for English and mathematics to work and share expertise across the two trust schools. This has helped to sustain the drive for improvement. You and the deputy Headteacher form a strong partnership and provide effective leadership and direction for the school. You frequently check the quality of teaching and pupils' learning. You work closely with teachers to agree the precise steps that need to be taken in order to improve the quality of teaching further. You provide well-planned support for teachers, including opportunities for them to visit other schools and learn from outstanding practice. As a result, there is a climate of professional learning and a strong team spirit across the school. Staff comments include, 'This is a small school with a caring, family atmosphere and we all want the very best for every child', and, 'Leaders are always ready to support us and, as a staff, we help and support each other.' Nov 2016 Ofsted

## EYFS

| Yr Group | Attainment | All      |          |         |
|----------|------------|----------|----------|---------|
|          |            | Sch 2019 | Sch 2018 | NA 2019 |
| R        | GLD (%)    | 67       | 67       | 71      |

## Phonics (Year 1)

| Yr Group | Attainment | All      |          |         |
|----------|------------|----------|----------|---------|
|          |            | Sch 2019 | Sch 2018 | NA 2019 |
| 1        | EXS (%)    | 88       | 86       | 82      |

(\*NA( Phonics) 2019)

## Attainment: End of KS1

| Yr Group | Attainment (scaled score) | Reading |           | Writing |           | Mathematics |           |
|----------|---------------------------|---------|-----------|---------|-----------|-------------|-----------|
|          |                           | All     |           | All     |           | All         |           |
|          |                           | Sch     | NA*       | Sch     | NA*       | Sch         | NA*       |
| 2        | EXP+ (%)                  | 66      | <b>75</b> | 59      | <b>69</b> | 72          | <b>76</b> |
|          | High scaled score/GDS (%) | 14      | <b>25</b> | 3       | <b>15</b> | 28          | <b>22</b> |

(\*NA( KS1) 2019)

## Lakeside Primary Academy

This school is good:

- Strong leadership from the Headteacher, working together with senior leaders, managers and governors, has successfully driven improvements since the previous inspection, despite a change in personnel to strategic roles (Headteacher, Deputy Headteacher, Chair of Governors and changes to members of the governing body). Although end of Key Stage attainment is not where the school would like it to be, improvements to teacher pedagogy and understanding of the assessment process has ensured that future standards will be sustainable on the future. Standards in teaching and learning remain good and the use of metacognition through 'Growth Mind-set' remains a strength of the pupils in school. This in turn ensures they have good behaviours not just to each other but to their learning. Following parental questionnaires, parents overwhelmingly support the school and with projects such as raising funds to provide a defibrillator for the community, Lakeside is at the heart of the local area.

### EYFS

| Yr Group | Attainment | All      |          |         |
|----------|------------|----------|----------|---------|
|          |            | Sch 2018 | Sch 2019 | NA 2019 |
| R        | GLD (%)    | 73       | 73       | 71      |

### Phonics (Year 1)

| Yr Group | Attainment | All      |          |          |
|----------|------------|----------|----------|----------|
|          |            | Sch 2018 | Sch 2019 | NA 2019* |
| 1        | EXS (%)    | 70       | 86       | 82       |

(\*NA( Phonics) 2019)

### Attainment: End of KS1

| Yr Group | Attainment (scaled score) | Reading |     | Writing |     | Mathematics |     |
|----------|---------------------------|---------|-----|---------|-----|-------------|-----|
|          |                           | All     |     | All     |     | All         |     |
|          |                           | Sch     | NA* | Sch     | NA* | Sch         | NA* |
| 2        | EXP+ (%)                  | 73      | 75  | 53      | 69  | 77          | 76  |
|          | High scaled score/GDS (%) | 10      | 25  | 0       | 15  | 17          | 22  |

(\*NA( KS1) 2019)

### Attainment: End of KS2

| Yr Group | Attainment (scaled score) | Reading |     | Writing |     | Mathematics |     | SPAG |     | RWM |     |
|----------|---------------------------|---------|-----|---------|-----|-------------|-----|------|-----|-----|-----|
|          |                           | All     |     | All     |     | All         |     | All  |     | All |     |
|          |                           | Sch     | NA* | Sch     | NA* | Sch         | NA* | Sch  | NA* | Sch | NA* |
| 6        | EXP+ (%)                  | 72      | 73  | 66      | 78  | 72          | 79  | 78   | 78  | 58  | 65  |
|          | High scaled score/GDS (%) | 22      | 27  | 4       | 20  | 20          | 27  | 24   | 36  | 4   | 11  |
|          | Avg Score                 | 104     | 104 | n/a     | n/a | 103         | 105 | 105  | 106 | n/a | n/a |

(\*NA( KS2) 2019)

## **Financial Review**

Income for the period was £3,033,298 of which £2,884,878 was provided by the Department of Education (DfE) via the Education Funding Agency (ESFA) by means of standard grants to cover operational and capital costs. This was supplemented by donations and Capital Grants and other trading activities including third party lettings and funds generated by extended school activities which totalled the remaining £148,420.

All expenditure supports the academy trust key objectives to deliver quality education to our pupils and Community. Expenditure for the period was £2,825,308 with the largest element of this expenditure being attributed to staff costs totalling £2,168,118 for the period. The amortisation/depreciation charge on assets of £64,622 has been included. Net Income for the period was £207,990.

The academy trust element of the Pension fund that forms part of the Local Government Pension Scheme was valued at 31 August 2019, showing a net deficit of £1,061,000.

As at 31 August 2019, the net book value of fixed assets was £3,519,905 and the movement in intangible fixed assets and tangible fixed assets are shown in Note 13 and Note 14 of the financial statements respectively. The assets were used exclusively in providing education and the associated support services to the pupils across the academy trust.

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

The board of trustees are accountable for the allocation of resources to meet the objectives set out in the School Development Plan. The Accounting Officer, together with the Finance Committee, is responsible for reviewing the Financial Procedures on an annual basis and recommending approval to the main board of trustees. The intention is for individual academy budgets to be monitored on a monthly basis with reports and commentary on income and expenditure against budget provided to the Finance Committee on a twice termly basis and to the board of trustees on a termly basis.

### **Reserves Policy**

Any reserves held are in accordance with the requirements laid down in the Master Funding Agreement and by the Education Funding Agency. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements, especially to buildings repair not covered by insurance. The board of trustees identify capital projects on an annual basis and reserves are reviewed alongside this exercise. The board of trustees will review the level of reserves and reserves policy annually.

As at 31 August 2019 the academy trust has reserves of £543,904. Flax Hill has a balance of £280,436, Lark Hall a balance of £40,757, Lakeside a balance of £240,999 and Central services has a balance of -£18,288.

### **Investment Policy**

The academy trust currently has no material investments.

### **Principal Risks and Uncertainties**

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

The deficit on the Local Government Pension Scheme of £1,061,000 presents a concern. However, Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that in the event of academy closure, outstanding local government pension scheme liability would be met by the Department for Education. This guarantee came into force on 18 July 2013.

### **Plans for Future Periods**

In accordance with the aims and objectives of Mercia Primary Academy Trust, it will continue to further the education and drive improvements in the performance of all pupils to the best of their abilities. The Academy will continue to develop its resources, assets and staff to achieve these aims and objectives.

It is anticipated that during 2019/20 further academies will join the Trust.

**Funds Held as Custodian Trustee on Behalf of Others**

The Academy has no such funds.

**Auditor**

Insofar as the trustees are aware:

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11th December 2019 and signed on the board's behalf by:

V M C Van Den Bergh – Minister of Religion, Trust Director

11<sup>th</sup> December 2019

# Mercia Primary Academy Trust

## Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Mercia Primary 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 Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Mercia Primary 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 Directors have formally met three times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

| Director                              | Meetings attended | Out of a possible |
|---------------------------------------|-------------------|-------------------|
| V Van Den Bergh                       | 2                 | 3                 |
| R Lane                                | 3                 | 3                 |
| L Colclough                           | 2                 | 3                 |
| E Bryan (resigned -                   | 1                 | 3                 |
| M Haywood                             | 2                 | 3                 |
| G Hirons                              | 3                 | 3                 |
| Alison Taylor (appointed 10.07.2019)  | 0                 | 0                 |
| Alison Dolphin (appointed 01.09.2019) | 0                 | 0                 |
| Donna Probert (appointed 01.09.2019)  | 0                 | 0                 |

The Joint Governing Body have met formally three times during the period. Attendance as follows:

| Trustee                                  | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Mrs M Couchman (LH) (Chair)              | 3                 | 3                 |
| W Pell-Walpole (FH)                      | 2                 | 3                 |
| RJ Lane (Headteacher)                    | 3                 | 3                 |
| Mrs S Boden (FH)                         | 2                 | 3                 |
| Mrs D Golder (FH)                        | 1                 | 3                 |
| Mrs N Taylor (FH)                        | 2                 | 3                 |
| Mrs C Keast (FH)                         | 1                 | 3                 |
| M Hambly (FH)                            | 0                 | 3                 |
| Mrs M Booth (LH)                         | 3                 | 3                 |
| Mr A Miladowski (LH)resigned 25.10.2018  | 1                 | 3                 |
| Mrs C Kendall (LH)                       | 3                 | 3                 |
| Mr C Plume (FH) (appointed 27.02.2017)   | 2                 | 3                 |
| Mr A Roberts (FH) (appointed 27.02.2017) | 3                 | 3                 |
| Mrs H Hadley (LH) (appointed 01.06.2017) | 1                 | 3                 |
| Mrs M Sherrin-Jones                      | 1                 | 3                 |

# Mercia Primary Academy Trust

## Governance Statement (continued)

The joint finance committee have met formally once during the period. Attendance as follows:

Mercia Primary Academy Trust 2018/19

| Name           | 29.09.2018 | 12.02.2019 | 03.07.2019 |
|----------------|------------|------------|------------|
| M Couchman     |            | ✓          | ✓          |
| R Lane         | ✓          | ✓          | ✓          |
| S Boden        |            | ✓          | ✓          |
| D Golder       |            | Apologies  | ✓          |
| H Hadley       |            |            | ✓          |
| G Hirons       |            |            |            |
| C Keast        | ✓          | ✓          | Apologies  |
| L Kelly        |            |            |            |
| C Kendall      | ✓          | ✓          | Apologies  |
| A Milaowski    |            |            |            |
| W Pell Walpole | ✓          | Apologies  | Apologies  |
| C Plume        |            | ✓          | ✓          |
| A Roberts      |            | Apologies  | Apologies  |
| N Taylor       |            | ✓          | ✓          |
| M Taylor       |            | Apologies  | Apologies  |

### Review of Value for Money

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

The accounting officer considers how the 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. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Looked closely at school SLAs to ensure they are value for money.
- Undertaken a review of term time staff and amended contracts at a MAT level.
- Deploying staff in the most appropriate way to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio and curriculum management.
- Continue to negotiate contracts and services at trust level.
- The academy has invested in further developing effective tracking systems in relation to the new curriculum to record all aspects of student data including progress through the school; ensuring interventions and support are targeted to achieve value for money
- The academy trust has produced a detailed analysis of how the pupil premium was spent and the impact of the funding for individual pupils.
- Sports funding continues to be used to provide enriching opportunities for children, extra sport opportunities after school and by providing expert PE coaching, further developments are planned for next year also.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Mercia Primary Academy Trust for the period 1<sup>st</sup> 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 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1<sup>st</sup> 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.

# Mercia Primary Academy Trust Governance Statement (continued)

## The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint Entrust Education Support Services as internal auditor

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

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

On an annual basis, an auditor's report is presented to the trustees with their findings and recommendations. The findings of the latest health check carried out on 25<sup>th</sup> July 2018 awarded an overall opinion of Adequate Assurance at both Lark Hall and Flax Hill sites.

## Review of Effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee. Two of the three academies within the trust received substantial assurance from internal audit. Lakeside is due for internal audit in January 2020.

Approved by order of the members of the board of trustees on 11<sup>th</sup> December 2019 and signed on its behalf by:

V M C Van Den Bergh – Minister of Religion, Trust Director

R Lane – Accounting Officer

## **Mercia Primary Academy Trust Statement of Regularity, Propriety and Compliance**

The Academy Trust have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

11<sup>th</sup> December 2019

# Mercia Primary Academy Trust

## Statement of Trustees' Responsibilities

The trustees (who act as governors of Mercia Primary Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2016 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 11<sup>th</sup> December 2019 and signed on its behalf by:

V M C Van Den Bergh – Minister of Religion, Trust Director

# Mercia Primary Academy Trust

## Independent Auditor's Report on the Financial Statements to the Members of Mercia Primary Academy Trust

The form of the audit report on the financial statements, which must appear here, is governed by International Standards on Auditing (UK and Ireland) (ISA's). The particular standard is 'ISA 700: The independent auditor's report on financial statements (Revised September 2014)' together with supporting guidance [Bulletin 2015/04](#) (Revised), and 'Practice Note 11: The Audit of Charities in the United Kingdom (revised)'.

The auditor's opinion must address whether the financial statements:

- give a true and fair view of the state of the charitable company's affairs 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
- have been prepared in accordance with the requirements of the Companies Act 2006
- have been prepared in accordance with the Charities SORP 2016 and Academies Accounts Direction 2018 to 2019

The auditor must also give their opinion on:

- other Companies Act requirements, specifically whether the information given in the trustees' report including the incorporated strategic report for the period for which the financial statements are prepared is consistent with the financial statements
- matters on which the auditor is required to report by exception, specifically if:
  1. the academy trust has not kept adequate accounting records
  2. the financial statements are not in agreement with the accounting records and returns
  3. certain disclosures of trustees' remuneration specified by law are not made
  4. the auditor has not received all the information and explanations they required for the audit

Note that an additional report expressing a conclusion on regularity must also be produced by the trust's reporting accountant (external auditor). The format of this additional report is on the next page.

# **Mercia Primary Academy Trust**

## **Independent Reporting Accountant's Assurance Report on Regularity to Mercia Primary Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement and further to the requirements of the Education 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 Mercia Primary Academy Trust during the period 1<sup>st</sup> 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 Mercia Primary Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Mercia Primary 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 Mercia Primary Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Mercia Primary Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Mercia Primary Academy Trust's funding agreement with the Secretary of State for Education 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<sup>st</sup> 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.