

Registration number: 08233527

St Michael & All Angels Church of England Primary School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017

Haines Watts Leicester LLP
Chartered Accountants and Registered Auditor
Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ

St Michael & All Angels Church of England Primary School

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St Michael & All Angels Church of England Primary School

Reference and Administrative Details

| | |
|---|--|
| Members | The Diocese of Leicester Educational Trust (Company no: 07773846) C Lewis R Evans (Chair) J Fear (resigned 31 October 2016) Rural Dean Rev R Gladstone M Field (appointed 14 November 2016) |
| Governors and Trustees (Directors) | R Evans (Chair) N Bardsley, Headteacher G Freeman R Meade J Fear (Vice Chair) (resigned 31 October 2016) B Brutnall P Harvey Dr M Field R Smith D Moore Rev Sister M A'Herne-Smith (Ex-officio Trustee) (appointed 15 September 2016) V Simpson (appointed 23 November 2016) H Sharman (appointed 9 November 2017) |
| Company Secretary | J Wainwright (Bursar) |
| Senior Management Team | N Bardsley, Headteacher |
| Principal and Registered Office | Brookside Rearsby Leicester LE7 4YB |
| Company Registration Number | 08233527 |
| Auditors | Haines Watts Leicester LLP Chartered Accountants and Registered Auditor Hamilton Office Park 31 High View Close Leicester LE4 9LJ |
| Bankers | The Co-operative Bank 77-79 Market Place Leicester LE1 5EN |

St Michael & All Angels Church of England Primary School

Reference and Administrative Details (continued)

Solicitors

Legal Services
Leicestershire County Council
County Hall
Glenfield
Leicester
LE3 8RB

St Michael & All Angels Church of England Primary School

Trustees' Report for the Year Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates an Academy for pupils aged 4 to 11 serving the catchment area of Rearsby. It has a pupil capacity of 105 and had a roll of 101 in the school census taken in October 2016.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 08233527.

The governors act as the trustees for the charitable activities of St Michael & All Angels Church of England Primary School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as St Michael & All Angels Church of England Primary School.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the 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.

Trustees' indemnities

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £133.

Method of recruitment and appointment or election of Trustees

Recruitment of Governors is outlined in the Articles of Association. Members may appoint a minimum of 6 Foundation Governors. One Staff Governor is elected via the process of a staff ballot. Two Parent Governors are elected via the process of a parent ballot. The Governing Body may co-opt up to two Governors.

Policies and procedures adopted for the induction and training of Trustees

Governor induction training alongside a menu of extensive specialised training is available through the STEP Partnership and the LA Governor Development Service. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. A knowledge/skills matrix is updated throughout the year.

St Michael & All Angels Church of England Primary School

Trustees' Report for the Year Ended 31 August 2017 (continued)

Organisational structure

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

The Governing Body has the following Committees:

- Pay
- Finance and Personnel
- Admissions
- Health & Safety
- Complaints
- Strategic Planning
- Discipline
- Appeals
- Head Teacher Performance Management

The Governors on the committees have powers delegated to them from the full Governing Body to make decisions on behalf of the academy within the remit of the Committees' sphere of concern. Terms of Reference for each committee exist. The Committees meet at intervals throughout the year and their work is reported to the Full Governing Body. All policies and budget decisions are decided upon by agreement of the Governing Body.

The Head Teacher is responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and pupils.

Arrangements for setting pay and remuneration of key management personnel

Remuneration for the Head Teacher is governed by the Academy's pay policy and is subject to a rigorous performance management cycle involving appointed trustees and an external advisor.

Risk management

A thorough Risk Management Assessment has been conducted using guidelines provided by the ESFA and has been assessed and approved via the Personnel and Finance Committee. The assessment involved identifying the types of risk the Academy faces, prioritising them into operational and financial impacts, assessing the likelihood of the occurrence and the impact that the occurrence will have on the Academy, and putting in place controls to mitigate such risks. Whilst reviewed via the Personnel and Finance Committee on an annual basis, the Risk Register is a live document which is reviewed regularly with the relevant subcommittees and management.

A Business Continuity Plan has been developed and ratified by the Governing Body of St Michael & All Angels.

Connected organisations, including related party relationships

St Michael and All Angels Church of England Primary School is part of a Teaching School known as Syston Thurmaston Education Partnership (STEP). The Teaching School is made up of over 20 educational establishments for the purpose of supporting collaboration between the Schools to deliver school improvement and to capture 'best practice'. The head is currently the Chair of the Teaching School Management Board (Sep 2017-Aug 2018).

St Michael & All Angels Church of England Primary School

Trustees' Report for the Year Ended 31 August 2017 (continued)

Objectives and activities

The Academy Trust's objective is specifically restricted to advance for public benefit education in the United Kingdom, in particular establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship.

The Governors acknowledge that they have overall responsibility for ensuring that St Michael and All Angels Church of England Primary School has an effective and appropriate system of control, financial and otherwise, and ensuring the financial statements comply with the Companies Act 2006, part VI of the Charities Act 2011 and SORP 2015. Governors also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- The Academy is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- The proper records are maintained and financial information used within the Academy or for publication is reliable;
- The Academy complies with relevant laws and regulations.

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

- co-ordinating the planning and budgeting processes;
- applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties;
- preparation of timely management accounts;
- ensuring that delegated financial authorities are respected;
- the propriety and regularity of financial transactions;
- the management and oversight of assets
- the risk of fraud and theft; and
- ensuring efficiency and value for money in the organisation's activities

In addition, the Governors have to take into account the guidance for Directors of public listed companies contained within the Academies Handbook and Accounts Direction 2016- 17 regarding managing public money.

The Governors have appointed the LA Internal Audit in the role of Responsible Officer. This role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The Internal Audit reports to the Governing Body on a regular basis regarding the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

St Michael & All Angels Church of England Primary School

Trustees' Report for the Year Ended 31 August 2017 (continued)

Objects and Aims

- To promote a Christian ethos within the caring supportive environment of the school.
- To create and inspire confident, resilient, independent learners.
- To promote respect for themselves, each other and the wider community.
- To encourage and develop enquiring minds.
- To expect high standards of behaviour and work.
- To value all children's individuality and celebrate their successes.
- To create a nurturing environment where children are motivated to achieve their best.

Objectives, strategies and activities

In the reporting year the objectives of the Academy were:

- To improve the progress and attainment of children in EYFS.
- To improve the percentage of children achieving exceeding/greater depth in core subjects across the whole school.
- To improve the progress of children with special educational needs.

Public benefit

The Academy Trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance provided by the Charity Commission.

St Michael & All Angels Church of England Primary School

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance

The total number of students on role at the school for the period ended 31st August 2017 numbered 101.

There were 15 Year 6 children who took their end of Key Stage 2 Statutory Assessment Tests. 80% of children attained a Scaled Score (SS) of 100+ (the expected standard or above) in Reading, 60% in Writing and 67% in Maths. Outcomes for the school dipped in 2017 due to there being 27% of children with Special Educational Needs within the cohort.

Key Stage 1 results were good. 80% of children reached the expected standard or above in Reading, 67% in Writing and 93% in Maths.

80% of children in Year 1 successfully passed the Phonic Screening.

In Foundation Stage 77% were judged to have a good level of development. This was a 10% increase from 2016.

To ensure that standards are continually raised St Michael and All Angels CE Primary has continued to use a range of monitoring evidence including observations, learning walks and peer mentoring/coaching sessions. Staff have written reports about the impact that professional development has had on teaching and learning.

Staff have also worked closely with Governors, providing them with regular subject reports, highlighting strengths and areas for development. Likewise, Governors have taken an active role in the school by carrying out monitoring visits. As a result the Governing Body has gained a better understanding of the areas for development across the school and the provision the school has made to address these issues. They have also measured the impact of the provision.

The school is data rich and information is analysed methodically to ensure the best outcomes for all. Disadvantaged groups including children who are entitled to Free School Meals (FSM) or who receive Pupil Premium money are tracked to ensure that there is no underperformance. The progress of all vulnerable groups is shared with both staff and governors each term. Any underperformance is quickly addressed and managed.

The children at the school are split into four houses. Each house supports a chosen charity throughout the year. This last year over £700 was raised by the children. The charities the children chose to support over the year were Jeans for Genes, The Children's Society, Meningitis Now and The Birds Barn at Leicestershire Hospital Wildlife Trust.

Over the year the school enhanced the curriculum with trips and in-school activities. In 2016/17 the biennial residential trips took place with years 3 and 4 staying at Beaumanor Hall in Leicestershire and the Year 5 and 6 children travelling to Dukes Barn in Derbyshire. The younger children in the school visited Brooksby College to experience life on a farm. Other visits included The Warning Zone, Woolsthorpe Manor, Twycross Zoo and Skegness. At the start of the year the whole school took part in a Composer day and, on World Book Day, the children met a local author, Rachael Greaves.

Going concern

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

St Michael & All Angels Church of England Primary School

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Financial review

St Michael & All Angels C of E Primary School receives the majority of its funding from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

This year the school undertook a major refurbishment across the school to ensure full compliance with the latest Fire Risk Assessment. The work was funded by the ESFA grant through the Condition Improvement Fund.

During the period ended 31 August 2017 total expenditure of £564,235 was covered by the General Annual Grant, other DfE grants, other government grants as well as other income. The excess of income over expenditure for the period, excluding the Fixed Asset fund was £25,987.

Financial and risk management objectives and policies

The Governing Body of St Michael & All Angels has overall responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the school's public and other funds and assets, in accordance with the Funding Agreement and the Academies Financial Handbook issued by the Department for Education.

St Michael & All Angels follows and adopts good practice in the identification, evaluation and control of risks to ensure that, as far as reasonably practicable, risks are avoided or reduced to an acceptable level. Although it is acknowledged that risks exist and can never be eliminated, it is important that all members of staff are aware of risk associated with their area of work. The following key principles outline the School's approach to risk management:

- the Governing Body has responsibility for overseeing risk management within the School as a whole
- there is an open and receptive approach to solving risk problems
- the Head Teacher and Bursar advise on, and implement policies, approved by the Governing Body and are responsible for fostering good risk management practice within their areas of responsibility
- key risks will be identified within the Risk Register and monitored on a regular basis.

St Michael & All Angels Church of England Primary School

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Reserves policy

The Governing Body is responsible for determining the level of financial reserves to be carried forward at the end of any financial year. In doing this they will:

- Match income with expenditure in the current year
- Carry forward an agreed contingency reserve in line with the school's Risk Management Policy
- Ensure any surplus reserves are committed to planned expenditure in line with the School Development Plan

The Governing Body has delegated the monitoring of potential year-end reserves to the Finance & Personnel Committee. This committee ensures that the levels of reserves that can be carried forward at the end of the financial year will be in line with any guidance received from the DfE and the ESFA on the treatment of GAG income and other grants.

The Governing Body may accumulate reserve funds raised from private sources to defray for the benefit of the Academy in future years.

The values held in the Unrestricted General Fund as at 31 August 2017 was £7,085 (2016: £1,369), the Restricted General Fund £68,684 (2016: £71,438) and the Restricted Fixed Asset Fund was £219,717 (2016: £188,692).

Investment policy

The aim of the Governing Body is to spend the public monies with which they are entrusted for the direct education benefit of pupils as soon as is prudent. The Governing Body does not consider the investment of surplus funds as a primary activity; rather it is the result of good practice as and when circumstances allow. Where surplus funds have been identified the Governing Body will consider investments under the following guidelines:

- To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements.
- To ensure there is no risk of loss in capital value of any cash funds invested.
- To protect the capital value of any invested funds against inflation.
- To optimise returns on invested funds.

At present St Michael and All Angels C of E Primary School has no investment funds.

Principal risks and uncertainties

The principal risks facing the Academy are included in the Risk Register and Management Plan and include:

- Strategic and Reputational Risks
- Physical Risks
- Infrastructure Risks
- Staffing Risks
- Pupil Risks
- Financial Risks

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The risks are assessed and monitored on an ongoing basis at committee level. Significant changes of risk will be discussed and assessed by the full Governing Body.

St Michael & All Angels Church of England Primary School

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Plans for future periods

St Michael & All Angels will continue striving to improve the levels of performance of its pupils at all levels and will continue to ensure that the curriculum meets the needs of all pupils in a Christian environment.

Most of the Academy's balances will be spent on maintaining staffing levels for future years to increase academic results, as well as investment in the Buildings Maintenance Scheme to ensure that the property is fit for purpose.

The school priorities for 2017-2018 are

Priority 1:

To improve the progress and attainment of Maths across the school

In order to improve outcomes for Maths the school intends to develop:

Quality of teaching of Maths

More opportunities to apply knowledge/skills

Implement revised White Rose Maths scheme of work

Develop new Maths subject leader

Priority 2:

To improve the attainment and progress of children with SEN

In order to improve the attainment and progress of children with SEN, the school intends to:

Train staff in dyslexia and interventions that have impact on outcomes

Train staff in attachment disorders

Review quality and impact of intervention groups including Catch up Literacy and Catch up Numeracy

Employ SEN /PP support worker

Assess quality of teaching and learning of SEN children

Monitor effectiveness of SEN targets

Priority 3:

To improve the progress and attainment of writing across the school

In order to improve outcomes for children in writing the school intends to:

Assess the quality and teaching of phonics and spellings and implement strategies based on evidence.

Review spelling policy

Introduce Grammasaurus writing grids for Years 1,3 4 and 5

Internally and externally moderate writing

Review and monitor Presentation Policy

Continue to ensure opportunities for cross-curricular writing.

Priority 4:

To improve children's well-being and mental health.

In order to improve children's mental health and well-being, the school intends to:

Train all staff in promoting resilience, motivation and character.

Educate parents in children's well being

Develop positive character traits for learning that will impact pupil's emotional well-being, attainment and future prospects

Funds held as Custodian Trustee on behalf of others

For the year ended 31 August 2017 there are no assets and arrangements held for safe custody and segregation.

St Michael & All Angels Church of England Primary School

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Auditor

In so far as the Trustees are aware:

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

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Haines Watts Leicester LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on 12 December 2017 and signed on its behalf by:

.....
R Evans (Chair)
Governor and trustee

.....
N Bardsley
Governor and trustee

St Michael & All Angels Church of England Primary School

Governance Statement

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to N Bardsley, Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Michael & All Angels Church of England Primary School and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|--------------------------|--------------------------|
| N Bardsley | 6 | 6 |
| R Evans (Chair) | 6 | 6 |
| G Freeman | 3 | 6 |
| R Meade | 4 | 6 |
| J Fear (Vice Chair) | 1 | 1 |
| B Brutnall | 6 | 6 |
| P Harvey | 5 | 6 |
| Dr M Field | 5 | 6 |
| D Moore | 6 | 6 |
| R Smith | 6 | 6 |
| V Simpson | 5 | 5 |
| Rev Sister M A'Herne-Smith (Ex-officio Trustee) | 4 | 6 |

Governance reviews

To continually find willing and proactive governors, to maintain the effectiveness of the Full Governing Body is especially challenging and can be time consuming. However, the last year has seen some stability return to the governing body, in terms of those Trustees continuing to remain and hold office.

The Governing Body continues to monitor and match the skills of the governors with the needs of the school, to ensure each role is carried out effectively.

Throughout the year Governors, have been invited to attend and have attended various training sessions provided by either GDS or STEP.

St Michael & All Angels Church of England Primary School

Governance Statement (continued)

The Finance and Personnel Committee is a sub-committee of the main Governing Body. Its purpose is to provide guidance and assistance to the Head Teacher and the Governing Body in matters relating to budgeting and finance with reference to the Academies Handbook and ESFA legislation, including:

- To monitor the financial situation of the Academy and report to the full governing body at each meeting.
- To ensure insurance is in place for the Academy.
- To operate the governing body's arrangements for obtaining quotations and inviting tenders in association with YMD Boon.
- To authorise all write-offs and disposals of surplus stock and equipment in accordance with the ESFA Regulations and ensure that such decisions are included in the annual inventory check report to the governing body.
- To review the risks to internal financial control at the St Michael & All Angels and agree a programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.
- To advise the Accounting Officer of the implications of their review of the system of Internal Control
- To recommend end of year Financial Statements to the Governing Body.

Personnel

- To decide with the head teacher the arrangements for all appointments of staff except for head teachers and deputy head teachers.
- To ensure that policies and procedures for supervision, personal development and performance review are in place and ensure statutory requirements are met.
- Establish Grievance, Disciplinary and Capability procedures are in place within the school and review as necessary.

The functions of the Audit Committee are included within the function of the Finance & Personnel Committee.

The financial climate continues to be challenging with the allocated school budget becoming ever more constricted. The committee continues in having to make some very difficult decisions in the way that the budgets are allocated across the whole school, whilst at the same time ensuring it remains effective in its teaching. The rolling 3-year financial budget for the school remains a standing agenda item, to be monitored and reported at every finance meeting.

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies. The changes in funding from the Education Funding Agency for 2018/19 onwards are not yet known. Fairer funding is due to start in September 2018.

Attendance at meetings during the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------------|--------------------------|--------------------------|
| N Bardsley | 6 | 6 |
| R Evans (Chair) | 6 | 6 |
| P Harvey | 3 | 6 |
| B Brutnall | 5 | 6 |
| V Simpson | 5 | 5 |
| J Wainwright (Bursar) | 6 | 6 |

St Michael & All Angels Church of England Primary School

Governance Statement (continued)

Review of value for money

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

- Collaboration - St. Michael and All Angels CE Primary School is part of an Educational Partnership with nine other schools (STEP). Since also becoming a teaching school in April 2014, the school now collaborates with 19 other primary schools through quality CPD and support. Having a larger number of schools with which to collaborate has provided value for money for professional development opportunities.
- Competitive tender processes - this year funding refurbishment work to ensure full compliance with the latest Fire Risk Assessment.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Michael & All Angels Church of England Primary School for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

St Michael & All Angels Church of England Primary School

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 Governing Body;
- regular reviews by the Finance and Personnel Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided:

- to appoint Leicestershire County Council Internal Audit 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.

On an annual basis the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of effectiveness

As Accounting Officer, N Bardsley, 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 including an ESFA validation;
- the work of the Bursar of the Academy Trust who has 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 and Personnel Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 12 December 2017 and signed on its behalf by:

.....
R Evans (Chair)
Governor and trustee

.....
N Bardsley
Accounting officer
Governor and trustee

St Michael & All Angels Church of England Primary School

Statement on Regularity, Propriety and Compliance

As Accounting Officer of St Michael & All Angels Church of England Primary School I have considered my responsibility to notify the Academy Trust Governing Body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Governing Body 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.

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 Governing Body and ESFA.

.....
N Bardsley, Headteacher
Accounting officer

12 December 2017

St Michael & All Angels Church of England Primary School

Statement of Trustees' Responsibilities

The Trustees (who act as the governors of St Michael & All Angels Church of England Primary School 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 and 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 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 on 12 December 2017 and signed on its behalf by:

.....
R Evans (Chair)
Governor and trustee

St Michael & All Angels Church of England Primary School

Independent Auditor's Report on the Financial Statements to the Members of St Michael & All Angels Church of England Primary School

Opinion

We have audited the financial statements of St Michael & All Angels Church of England Primary School (the 'Academy') for the year ended 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Academy's Trustees, 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 Academy's trustees those matters we are required to state to them in an auditor's 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 Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its results for the year 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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 auditor's report thereon. 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.

St Michael & All Angels Church of England Primary School

Independent Auditor's Report on the Financial Statements to the Members of St Michael & All Angels Church of England Primary School (continued)

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 Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 17], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy'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 Academy or to cease operations, or have no realistic alternative but to do so.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

St Michael & All Angels Church of England Primary School

Independent Auditor's Report on the Financial Statements to the Members of St Michael & All Angels Church of England Primary School (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

.....
Richard Buckby ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts Leicester LLP, Statutory Auditor

Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ

12 December 2017

St Michael & All Angels Church of England Primary School

Independent Reporting Accountant's Report on Regularity to St Michael & All Angels Church of England Primary School and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 5 May 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Michael & All Angels Church of England Primary School during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to St Michael & All Angels Church of England Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to St Michael & All Angels Church of England Primary School and the 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 St Michael & All Angels Church of England Primary School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the St Michael & All Angels Church of England Primary School's funding agreement with the Secretary of State for Education dated 29 October 2012 and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.

We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.

We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.

St Michael & All Angels Church of England Primary School

Independent Reporting Accountant's Report on Regularity to St Michael & All Angels Church of England Primary School and the Education and Skills Funding Agency (continued)

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.

Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.

- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.

We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

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

.....
Richard Buckby ACA
For and on behalf of Haines Watts Leicester LLP, Chartered Accountants

Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ

12 December 2017

St Michael & All Angels Church of England Primary School

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2017 £ |
|---|------|----------------------------|-------------------------------------|---|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | - | - | 36,199 | 36,199 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 503,961 | 5,181 | 509,142 |
| Other trading activities | 4 | 26,881 | - | - | 26,881 |
| Total | | 26,881 | 503,961 | 41,380 | 572,222 |
| Expenditure on: | | | | | |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | 6 | 21,165 | 532,715 | 10,355 | 564,235 |
| Net income/(expenditure) | | 5,716 | (28,754) | 31,025 | 7,987 |
| Other recognised gains and losses | | | | | |
| Actuarial gains on defined benefit pension schemes | 21 | - | 18,000 | - | 18,000 |
| Net movement in funds/(deficit) | | 5,716 | (10,754) | 31,025 | 25,987 |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2016 | | 1,368 | (160,561) | 188,692 | 29,499 |
| Total funds/(deficit) carried forward at 31 August 2017 | | 7,084 | (171,315) | 219,717 | 55,486 |

St Michael & All Angels Church of England Primary School

**Statement of Financial Activities for the Year Ended 31 August 2016
(including Income and Expenditure Account)**

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2016 £ |
|---|------|----------------------------|-------------------------------------|---|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | - | - | 63,079 | 63,079 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 514,015 | 8,150 | 522,165 |
| Other trading activities | 4 | 17,283 | - | - | 17,283 |
| Total | | 17,283 | 514,015 | 71,229 | 602,527 |
| Expenditure on: | | | | | |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | 6 | 26,426 | 461,962 | 8,565 | 496,953 |
| Net (expenditure)/income | | (9,143) | 52,053 | 62,664 | 105,574 |
| Other recognised gains and losses | | | | | |
| Actuarial gains on defined benefit pension schemes | 21 | - | (70,000) | - | (70,000) |
| Net movement in (deficit)/funds | | (9,143) | (17,947) | 62,664 | 35,574 |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2015 | | 10,511 | (142,614) | 126,028 | (6,075) |
| Total funds/(deficit) carried forward at 31 August 2016 | | 1,368 | (160,561) | 188,692 | 29,499 |

St Michael & All Angels Church of England Primary School

**(Registration number: 08233527)
Balance Sheet as at 31 August 2017**

| | Note | 2017 £ | 2016 £ |
|--|------|----------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 216,841 | 188,663 |
| Current assets | | | |
| Stocks | 11 | - | 139 |
| Debtors | 12 | 25,537 | 96,779 |
| Cash at bank and in hand | | <u>120,467</u> | <u>34,799</u> |
| | | 146,004 | 131,717 |
| Creditors: Amounts falling due within one year | 13 | <u>(67,359)</u> | <u>(58,881)</u> |
| Net current assets | | <u>78,645</u> | <u>72,836</u> |
| Total assets less current liabilities | | <u>295,486</u> | <u>261,499</u> |
| Net assets excluding pension liability | | 295,486 | 261,499 |
| Pension scheme liability | 21 | <u>(240,000)</u> | <u>(232,000)</u> |
| Net assets including pension liability | | <u><u>55,486</u></u> | <u><u>29,499</u></u> |
| Funds of the Academy: | | | |
| Restricted funds | | | |
| Restricted general fund | | 68,685 | 71,439 |
| Restricted fixed asset fund | | 219,717 | 188,692 |
| Restricted pension fund | | <u>(240,000)</u> | <u>(232,000)</u> |
| | | 48,402 | 28,131 |
| Unrestricted funds | | | |
| Unrestricted general fund | | <u>7,084</u> | <u>1,368</u> |
| Total funds | | <u><u>55,486</u></u> | <u><u>29,499</u></u> |

The financial statements on pages 23 to 43 were approved by the Trustees, and authorised for issue on 12 December 2017 and signed on their behalf by:

.....
R Evans (Chair)
Governor and trustee

.....
N Bardsley
Governor and trustee

St Michael & All Angels Church of England Primary School

Statement of Cash Flows for the Year Ended 31 August 2017

| | Note | 2017 £ | 2016 £ |
|---|------|-----------------------|----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 17 | 88,002 | (10,953) |
| Cash flows from investing activities | 18 | <u>(2,334)</u> | <u>(17,161)</u> |
| Change in cash and cash equivalents in the year | | 85,668 | (28,114) |
| Cash and cash equivalents at 1 September | | <u>34,799</u> | <u>62,913</u> |
| Cash and cash equivalents at 31 August | 19 | <u><u>120,467</u></u> | <u><u>34,799</u></u> |

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies

Statement of 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.

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

St Michael & All Angels Church of England Primary School meets the definition of a public benefit entity under FRS 102.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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 period is deducted from income and recognised as a liability.

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

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Charitable activities

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

Tangible fixed assets

Assets costing £500 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. 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 leasehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

St Michael & All Angels Church of England Primary School (the Academy Trust Company) occupies land (including buildings) which are owned by the Incumbent and Churchwardens of the Parish of Rearsby (the Trustees). The Trustees are the providers of the land and buildings to the Academy on the same basis as when the Academy was a maintained school. The Academy Trust company occupies the land and buildings under an ongoing licence, terminable with two years notice.

| Asset class | Depreciation method and rate |
|-----------------------|-------------------------------------|
| Fixtures and fittings | 7 years straight line |
| Computer equipment | 4 years straight line |
| Leasehold land | No depreciation is provided. |
| Classroom extension | 50 years straight line |

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Pension benefits

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Fund accounting

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

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

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.

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 31/08/2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

| | Restricted fixed asset funds £ | Total 2017 £ | Total 2016 £ |
|-----------------|---|-----------------------------|-----------------------------|
| Capital grants | 36,199 | 36,199 | 55,079 |
| Other donations | - | - | 8,000 |
| | <u>36,199</u> | <u>36,199</u> | <u>63,079</u> |

3 Funding for the Academy Trust's educational operations

| | Restricted funds £ | Restricted fixed asset funds £ | Total 2017 £ | Total 2016 £ |
|---|-----------------------------------|---|-----------------------------|-----------------------------|
| DfE/ESFA revenue grants | | | | |
| General Annual Grant | 456,070 | - | 456,070 | 462,909 |
| Other DfE/ESFA grants | 22,163 | - | 22,163 | 5,302 |
| Pupil premium | 6,050 | - | 6,050 | 8,140 |
| Capital grants | - | 5,181 | 5,181 | 8,150 |
| UIFSM income | 18,354 | - | 18,354 | 21,965 |
| | <u>502,637</u> | <u>5,181</u> | <u>507,818</u> | <u>506,466</u> |
| Non-government grants and other income | | | | |
| Other income | 1,324 | - | 1,324 | 15,699 |
| Total grants | <u>503,961</u> | <u>5,181</u> | <u>509,142</u> | <u>522,165</u> |

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

4 Other trading activities

| | Unrestricted funds £ | Total 2017 £ | Total 2016 £ |
|------------------------------|----------------------------|--------------------|--------------------|
| Catering income | 6,705 | 6,705 | 7,739 |
| Recharges and reimbursements | 13,991 | 13,991 | 5,712 |
| Other sales | 6,185 | 6,185 | 3,832 |
| | 26,881 | 26,881 | 17,283 |

5 Resources expended

| | Non Pay Expenditure | | | Total 2017 £ | Total 2016 £ |
|---|---------------------|---------------|------------------|--------------------|--------------------|
| | Staff costs £ | Premises £ | Other costs £ | | |
| Academy's educational operations | | | | | |
| Direct costs | 313,321 | 10,355 | 23,442 | 347,118 | 323,068 |
| Allocated support costs | 93,645 | 37,551 | 85,921 | 217,117 | 173,885 |
| | 406,966 | 47,906 | 109,363 | 564,235 | 496,953 |

Net income/(expenditure) for the year includes:

| | 2017 £ | 2016 £ |
|---------------------------------|-----------|-----------|
| Operating leases - other leases | 380 | 285 |
| Fees payable to auditor - audit | 4,850 | 4,700 |
| - other audit services | 600 | 550 |
| Depreciation of fixed assets | 10,355 | 8,565 |

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Charitable activities

| | Total 2017 £ | Total 2016 £ | |
|--|---|-----------------------------|-----------------------------|
| Direct costs - educational operations | 347,118 | 323,068 | |
| Support costs - educational operations | 217,117 | 173,885 | |
| | 564,235 | 496,953 | |
| | Educational operations £ | Total 2017 £ | Total 2016 £ |
| Analysis of support costs | | | |
| Support staff costs | 93,645 | 93,645 | 69,492 |
| Technology costs | 4,994 | 4,994 | 6,498 |
| Premises costs | 37,551 | 37,551 | 34,530 |
| Other support costs | 75,727 | 75,727 | 58,115 |
| Governance costs | 5,200 | 5,200 | 5,250 |
| Total support costs | 217,117 | 217,117 | 173,885 |

7 Staff

Staff costs

| | 2017 £ | 2016 £ | |
|--|-------------------|-------------------|--|
| Staff costs during the year were: | | | |
| Wages and salaries | 306,014 | 289,937 | |
| Social security costs | 20,962 | 12,325 | |
| Pension costs | 77,377 | 57,416 | |
| | 404,353 | 359,678 | |
| Supply teacher costs | 2,613 | 8,125 | |
| | 406,966 | 367,803 | |

No member of staff earned in excess of £60,000.

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

7 Staff (continued)

Staff numbers

The average number of persons employed by the Academy during the year was as follows:

| | 2017 No | 2016 No |
|------------------------------|------------|------------|
| Charitable Activities | | |
| Teachers | 4 | 4 |
| Administration and support | 7 | 6 |
| Management | 1 | 1 |
| | <u>12</u> | <u>11</u> |

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £66,482 (2016: £65,172).

8 Related party transactions - trustees' remuneration and expenses

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

N Bardsley (Headteacher):

Remuneration: £55,000 - £60,000 (2016 - £55,000 - £60,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £5,000 - £10,000)

B Matthew (Staff Trustee):

Remuneration: £Nil (2016 - £10,000 - £15,000)

Employer's pension contributions: £Nil (2016 - £0 - £5,000)

R Smith (Staff Trustee):

Remuneration: £35,000 - £40,000 (2016 - £20,000 - £25,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £0 - £5,000)

During the year ended 31 August 2017, travel and subsistence expenses totalling £Nil (2016 - £Nil) were reimbursed or paid directly to 0 trustees (2016 - 0).

Other related party transactions involving the trustees are set out in note 22.

9 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2017 was £133 (2016 - £133).

The cost of this insurance is included in the total insurance cost.

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

10 Tangible fixed assets

| | Leasehold land and buildings £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|-----------------------|---|---------------------------------|----------------------------|----------------|
| Cost | | | | |
| At 1 September 2016 | 166,248 | 6,315 | 36,542 | 209,105 |
| Additions | 33,698 | 3,085 | 1,750 | 38,533 |
| At 31 August 2017 | <u>199,946</u> | <u>9,400</u> | <u>38,292</u> | <u>247,638</u> |
| Depreciation | | | | |
| At 1 September 2016 | - | 2,205 | 18,237 | 20,442 |
| Charge for the year | 1,120 | 1,343 | 7,892 | 10,355 |
| At 31 August 2017 | <u>1,120</u> | <u>3,548</u> | <u>26,129</u> | <u>30,797</u> |
| Net book value | | | | |
| At 31 August 2017 | <u>198,826</u> | <u>5,852</u> | <u>12,163</u> | <u>216,841</u> |
| At 31 August 2016 | <u>166,248</u> | <u>4,110</u> | <u>18,305</u> | <u>188,663</u> |

Included in Leasehold Land and Buildings is an amount for the construction of a classroom extension of £54,248.

11 Stock

| | 2017 £ | 2016 £ |
|----------------------|-----------|-----------|
| Books and stationery | - | 139 |

12 Debtors

| | 2017 £ | 2016 £ |
|-----------------|---------------|---------------|
| Trade debtors | 1,155 | 2,153 |
| VAT recoverable | 9,069 | 20,837 |
| Other debtors | 4,501 | 58,437 |
| Prepayments | 10,812 | 15,352 |
| | <u>25,537</u> | <u>96,779</u> |

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

13 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|-----------------|---------------|---------------|
| Trade creditors | - | 272 |
| Other creditors | 9,966 | 13,035 |
| Accruals | 46,341 | 27,970 |
| Deferred income | 11,052 | 17,604 |
| | <u>67,359</u> | <u>58,881</u> |

| | 2017 £ |
|--|-----------------|
| Deferred income | |
| Deferred income at 1 September 2016 | 17,604 |
| Resources deferred in the period | 11,052 |
| Amounts released from previous periods | <u>(17,604)</u> |
| Deferred income at 31 August 2017 | <u>11,052</u> |

At the balance sheet date the Academy Trust was holding funds received in advance for catering and parental contributions, universal infant free school meals funding.

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

14 Funds

| | Balance at 1 September 2016 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2017 £ |
|-------------------------------------|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant | 64,763 | 456,070 | (458,871) | - | 61,962 |
| Pupil premium | 3,811 | 6,050 | (5,802) | - | 4,059 |
| UIFSM income | - | 18,354 | (18,354) | - | - |
| Other local authority grants | - | 13,713 | (13,713) | - | - |
| Other income | 2,865 | 9,774 | (9,975) | - | 2,664 |
| | <u>71,439</u> | <u>503,961</u> | <u>(506,715)</u> | - | <u>68,685</u> |
| Restricted fixed asset funds | | | | | |
| Restricted Fixed Asset Funds | 188,692 | 41,380 | (10,355) | - | 219,717 |
| Restricted pension funds | | | | | |
| Pension scheme liability | (232,000) | - | (26,000) | 18,000 | (240,000) |
| Total restricted funds | 28,131 | 545,341 | (543,070) | 18,000 | 48,402 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | 1,368 | 26,881 | (21,165) | - | 7,084 |
| Total funds | <u>29,499</u> | <u>572,222</u> | <u>(564,235)</u> | <u>18,000</u> | <u>55,486</u> |

15 Analysis of net assets between funds

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|----------------------------------|---|------------------|
| Tangible fixed assets | - | - | 216,841 | 216,841 |
| Current assets | 7,084 | 136,044 | 2,876 | 146,004 |
| Current liabilities | - | (67,359) | - | (67,359) |
| Pension scheme liability | - | (240,000) | - | (240,000) |
| Total net assets | <u>7,084</u> | <u>(171,315)</u> | <u>219,717</u> | <u>55,486</u> |

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

16 Commitments under operating leases

Operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2017 | 2016 |
|--|-------------|-------------|
| | £ | £ |
| Amounts due within one year | 380 | 380 |
| Amounts due between one and five years | 760 | 1,235 |
| | 1,140 | 1,615 |

17 Reconciliation of net income to net cash inflow/(outflow) from operating activities

| | 2017 | 2016 |
|--|-------------|-------------|
| | £ | £ |
| Net income | 7,987 | 105,574 |
| Depreciation | 10,355 | 8,565 |
| Capital grants from DfE and other capital income | (36,199) | (55,079) |
| Defined benefit pension scheme obligation inherited | 21,000 | 6,000 |
| Defined benefit pension scheme cost less contributions payable | - | (27,000) |
| Defined benefit pension scheme finance cost | 5,000 | 13,000 |
| Decrease in stocks | 139 | 54 |
| Decrease/(increase) in debtors | 71,242 | (77,559) |
| Increase in creditors | 8,478 | 15,492 |
| Net cash provided by/(used in) Operating Activities | 88,002 | (10,953) |

18 Cash flows from investing activities

| | 2017 | 2016 |
|---|-------------|-------------|
| | £ | £ |
| Purchase of tangible fixed assets | (38,533) | (72,240) |
| Capital funding received from sponsors and others | 36,199 | 55,079 |
| Net cash used in investing activities | (2,334) | (17,161) |

19 Analysis of cash and cash equivalents

| | At 31 August 2017 | At 31 August 2016 |
|---------------------------------|--------------------------|--------------------------|
| | £ | £ |
| Cash at bank and in hand | 120,467 | 34,799 |
| Total cash and cash equivalents | 120,467 | 34,799 |

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

20 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.

21 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Leicestershire 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.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Pension and similar obligations (continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £31,266 (2016: £31,951).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £33,000 (2016 - £26,000), of which employer's contributions totalled £25,000 (2016 - £20,000) and employees' contributions totalled £8,000 (2016 - £6,000). The agreed contribution rates for future years are 23.3, 24.3 & 25.3 per cent for employers and 5.5 - 12.5 per cent 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

| | At 31 August 2017 % | At 31 August 2016 % |
|--|---------------------------|---------------------------|
| Rate of increase in salaries | 3.40 | 3.10 |
| Rate of increase for pensions in payment/inflation | 2.40 | 2.10 |
| Discount rate for scheme liabilities | 2.50 | 2.10 |
| Inflation assumptions (CPI) | 2.40 | 2.10 |
| Commutation of pensions to lump sums | <u>50.00</u> | <u>50.00</u> |

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Pension and similar obligations (continued)

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

| | At 31 August 2017 | At 31 August 2016 |
|------------------------------|----------------------|----------------------|
| Retiring today | | |
| Males retiring today | 22.10 | 22.20 |
| Females retiring today | 24.30 | 24.30 |
| Retiring in 20 years | | |
| Males retiring in 20 years | 23.80 | 24.20 |
| Females retiring in 20 years | 26.20 | 26.60 |

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

| | At 31 August 2017 £ | At 31 August 2016 £ |
|------------------------------|---------------------------|---------------------------|
| Equities | 173,000 | 146,000 |
| Other bonds | 51,000 | 36,000 |
| Property | 21,000 | 18,000 |
| Cash and other liquid assets | 13,000 | 2,000 |
| Total market value of assets | 258,000 | 202,000 |

The actual return on scheme assets was £24,000 (2016 - £33,000).

Amounts recognised in the statement of financial activities

| | 2017 £ | 2016 £ |
|-------------------------------------|-----------|-----------|
| Current service cost | 46,000 | 26,000 |
| Interest income | (5,000) | (6,000) |
| Interest cost | 10,000 | 13,000 |
| Total amount recognised in the SOFA | 51,000 | 33,000 |

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

| | 2017 £ | 2016 £ |
|------------------------|-----------|-----------|
| At start of period | 434,000 | 314,000 |
| Current service cost | 46,000 | 26,000 |
| Interest cost | 10,000 | 13,000 |
| Employee contributions | 8,000 | 6,000 |
| Actuarial (gain)/loss | 1,000 | 76,000 |
| Benefits paid | (1,000) | (1,000) |
| At 31 August | 498,000 | 434,000 |

St Michael & All Angels Church of England Primary School

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Pension and similar obligations (continued)

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

| | 2017 | 2016 |
|------------------------|----------------|----------------|
| | £ | £ |
| At start of period | 202,000 | 144,000 |
| Interest income | 5,000 | 6,000 |
| Actuarial gain/(loss) | 19,000 | 27,000 |
| Employer contributions | 25,000 | 20,000 |
| Employee contributions | 8,000 | 6,000 |
| Benefits paid | <u>(1,000)</u> | <u>(1,000)</u> |
| At 31 August | <u>258,000</u> | <u>202,000</u> |

22 Related party transactions

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

There were no related party transactions in the year.