

Company Registration Number: 07359630 (England and Wales)

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
(A Company Limited by Guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Members**

Mrs Patricia Wilson  
Mr Graham Pryor  
Mrs Joanne Patis  
Mrs Lindsey Johnson

**Governors**

~~Mrs Patrica Wilson, Chairman<sup>1</sup>~~  
Mr Graham Pryor, Vice Chair<sup>1</sup>  
Mr Marcus Ray, Staff Governor<sup>1</sup>  
Miss Amanda Hazell, Staff Governor  
Mrs Rebecca Daulman, Head Teacher and Accounting Officer<sup>1</sup>  
Mrs Joanne Patis, Responsible Officer  
Mrs Linda Berry, Staff Governor  
Mr Graham Page, Staff Governor<sup>1</sup>  
Mr Paul Keen, Co-opted  
Mr Simon Bidgood, Parent Governor  
Mrs Charlotte Mansfield (resigned 30 April 2017)  
Councillor David McVicar, Local Authority (resigned 10 February 2017)  
Mrs Lindsey Johnson, Co-opted  
Mr Derek Smulders, Co-opted

<sup>1</sup> Finance Committee

**Company registered number**

07359630

**Company name**

Lark Rise Academy Trust, Dunstable

**Principal and registered office**

Lark Rise Academy  
Cartmel Drive  
Dunstable  
Bedfordshire  
LU6 3PT

**Company secretary**

Mrs Alison Gransby

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Advisers (continued)**

**Senior management team**

Mrs Rebecca Daulman  
Mr Marcus Ray  
Mrs Romina Lang  
Mrs Hannah Hartley  
Miss Amanda Hazell  
Mrs Lorna Francis  
Mrs Katie Waterman  
Mr Graham Page

**Independent auditors**

Streets Audit LLP  
Chartered Accountants  
Statutory Auditors  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

**Bankers**

Natwest Bank plc  
4 High Street North  
Dunstable  
Bedfordshire  
LU6 1JU

**Solicitors**

Ward Hadaway  
1A Tower Square  
Wellington Street  
Leeds  
LS1 4DL

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017.

Lark Rise Academy Trust, Dunstable (the 'Academy') was formed on 27 August 2010. The Academy took over the management of Lark Rise Lower School on 1 October 2010. The annual report serves the purpose of both a governors' report and a directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 in South West Dunstable, Central Bedfordshire. It has a pupil capacity of 380 and had a roll of 379 in the school census on 18th May 2017.

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**a. CONSTITUTION**

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

The Governors act as governors for the charitable activities of the Lark Rise Academy Trust, Dunstable. Trust board members are the directors of the charitable company for the purpose of company law. The Charitable Company is known as Lark Rise Academy.

Details of the Governors who served throughout the period are included in the reference and administrative details on page 1.

**b. MEMBERS' LIABILITY**

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

**c. GOVERNORS' INDEMNITIES**

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 £1,000,000 on any one claim.

**d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

Trust Board Members, who are the directors of the Charitable Company for the purpose of company law are nominated by either the Secretary of State for Education, the Chairman of the Governors, or by all the existing members. The articles of association require the trust board members to appoint a minimum of 3 and a maximum of 8 Governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy. The articles of association contain provisions for the appointment of additional Governors including staff Governors, a local authority governor and parent Governors. There is no maximum number of Governors.

Governors are appointed for a fixed term of four years, but are eligible for re-election at the end of the fixed term.

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Governing Body currently comprises 4 trust board members (who are appointed as directors under the Companies Act 2006), 3 co-opted Governors whose appointments are determined by the trust board members), the Headteacher and 4 staff Governors (all employed by the trust) and 2 parent Governors (elected by the parents).

The Headteacher is an ex-officio governor.

**e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

New Governors receive induction training and support from the Clerk to the Governing Body. All Governors are offered training opportunities through the Central Bedfordshire Governor Training Programme

**f. ORGANISATIONAL STRUCTURE**

The governing body roles and responsibilities were reviewed in January 2017.

The Governors form policy about key areas including Health and Safety, Finance, Pay and Staffing, Teaching and Learning, Complaints and Discipline and Independent Appeals.

**ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

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, pay and remuneration and senior staff appointments. During the year under review the Governors held 3 full Governing Body meetings.

Regular emails have been sent to the Governing Body keeping them informed of significant events. All Governors are attached to a curriculum subject and some have visited the school during the day activities. All Governors have access to all policies, procedures, minutes, accounts, budgets and plans that they need to discharge their governing body duties.

The Responsible Officer has monitored the changes to processes and makes regular reports to the governing body. The Governing Body approves the Statutory Accounts. The levels of authorisation of budget spend are detailed in the Academy Finance manual.

The day to day management of the academy is delegated by the Governing Body to the Headteacher who is the Accounting Officer. The Headteacher is supported by the Deputy Headteacher, the Office Manager and the Finance Officer.

**g. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

There are no related parties which either control or significantly influence the decisions and operations of Lark Rise Academy. There are no sponsors.

The Academy continues to work closely with the Parents' Association (FALLS – Friends of Lark Rise Lower School) to further the principal activities of the academy.

The Academy works with many school networks, both locally, nationally and internationally to further the principal activities of the academy.

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**OBJECTIVES AND ACTIVITIES**

**a. OBJECTS AND AIMS**

The principal object and activity of the Charitable Company is the operation of Lark Rise Academy.

In accordance with the articles of association the Charitable Company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. ~~The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.~~

The main objectives of the Academy during the year ended 31 August 2017 were detailed in the Academy's vision statement:



**Lark Rise Academy**  
**Vision Statement**  
**2016-2017**

At Lark Rise Academy, we are passionate about learning and the education of our children. This coming year, as in all the years before it, we will strive for constant growth and improvement with the intention of making the children's time in school inspiring, exciting and purposeful. The children will continue to be placed at the heart of all the decisions that we make and the actions we take. We believe that this approach will enable every child to understand the importance of learning and instil in them a love for learning that is life-long.

We believe that in order for all of our children to reach their full potential we must maintain our high expectations with regards to their academic development from their time in the Early Years through to the end of Year Six and beyond, as well as the social, emotional, physical and behavioural aspects of their growth; we will strive to ensure that there is fair and equal opportunity for all, regardless of ages and stages of development. We want our school to continue to be a place where everyone's individuality, personal achievements and strengths are identified and celebrated; a place where children feel happy, safe, included and able to learn.

We wish to offer an outstanding and innovative primary provision that positively challenges and supports all children to the end of Year 6, instilling the skills and enthusiasm needed for further success in their secondary education and future lives. We will achieve this through a fully inclusive creative curriculum which will present the children with learning experiences that will meet their individual needs whilst motivating them, promoting independence, filling them with confidence and enabling them to flourish; they will also be able to approach new problems and challenges with positivity, resilience and self-belief.

To further support the wishes detailed above, we also want to offer the children an ever-improving and modernised learning environment that makes it possible to offer a current and ever-evolving curriculum, which will include a continued focus on Computing and the safe use of our new technology at an age-appropriate level. We aim to provide physical surroundings that feel welcoming and enhance the children's learning. This will be helped further by continuing to support children to make positive relationships with a wide range of adults and their peers; a place where all parties feel respected, cared for and listened to and universal values are promoted and cherished...our school will be a place where the voice of all is heard!

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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At the same time as wanting every one of our children to be successful learners, we also wish for them to be both successful and active members of the community (locally and in the wider world) now and in the future. Therefore, in all aspects of school life, we will continue to work hard in order to help children understand the importance of community spirit, of diversity, of the importance of being tolerant of others and of belonging; ultimately helping them to understand universal values in order that they make the right choices in life and are positive citizens. We aim to model effective citizenship by working closely with a range of partners, including the children's parents and carers, colleagues from other schools and those in the local and global communities; learning from them in order to achieve ever improving outcomes for children. Our environment will encourage all adults to continue as learners; they will be given the opportunity to develop their skills and expertise, working with colleagues and peers from across the community - thus, improving outcomes for all of our children. We will warmly welcome all stake holders into our school and we will be committed to forging positive relationships with them. We will also consider the contributions that Lark Rise can make to the community and the world and give children the opportunity to make a difference...they are, after all, the future!

**To achieve all of this is to provide an outstanding education for every child; this is the basis of our vision.**

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The Academy's mission is to raise the achievement of all who work in the school through systematic planning, reviewing and developing in order to gain optimum attainment in life skills. To this end the activities provided include:

- Well planned learning opportunities for all pupils to attain appropriate academic levels in Early Years Foundation Stage and Key Stage 1 statutory assessments and end of Year 4 midpoint Key Stage 2
- Professional development opportunities for staff
- Performance management for staff where objectives are set and reviewed
- Pupil involvement in leadership decisions through the use of POWWOW
- A broad and balanced creative curriculum provided for all pupils
- Opportunities for extended learning clubs (3.20 – 4.30pm) to allow pupils to explore practical areas
- Before school (breakfast club 8.00 – 8.45am) and after school childcare (4.30- 6.00pm) which is purchased by the parents/carers
- A fully inclusive education available to all

**c. PUBLIC BENEFIT**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

**STRATEGIC REPORT**

**a. ACHIEVEMENTS AND PERFORMANCE**

The Academy is in its seventh year of operation and continues to achieve the forecast numbers of pupils. Total students in the year ended 31 August 2017 numbered 379 (including nursery) and the Academy is virtually full in all year groups. The Academy has a standard number of 45 per year group and is almost full. The local authority maintains a waiting list for available places where appropriate.

The staff and Governors at the Academy continue to be proud of the achievements of the children at Lark Rise Academy. Data, when compared to national figures, is significantly higher.



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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Academy ensures the accuracy of its teacher assessment through moderation exercises. The Academy uses exemplar examples of levels and national and local benchmarking.

**b. KEY PERFORMANCE INDICATORS**

The Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

In its last inspection in December 2013, Ofsted assessed Lark Rise Academy as 'outstanding' in all areas.

The Academy is also monitored through the completion and submission to the ESFA of:

- The budget forecast for the year ahead;
- The Accounts Annual Return produced from the annual financial statements.

**c. 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.

**FINANCIAL REVIEW**

**a. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Academy's financial objectives are to:

- Generate extra income through consultancy work
- Apply at all times best value principles in all purchases
- Monitor and evaluate the value for money of all staff
- Prevent all areas of wastage

These objectives were achieved in the year ended 31 August 2017.

**FINANCIAL REPORT FOR THE PERIOD**

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year 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 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2017, total income was £1,631,883 and expenditure was £1,808,655. The excess of expenditure over income for the period (excluding restricted fixed asset funds) was £64,010.

At 31 August 2017 the net book value of fixed assets was £1,723,561 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to pupils.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**FINANCIAL POSITION**

The Academy held fund balances at 31 August 2017 of £1,430,944. This comprised restricted fixed asset funds of £1,723,561; £105,370 of restricted funds less a pension reserve deficit of £567,000 and £169,013 of unrestricted general funds.

**b. RESERVES POLICY**

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Governors have determined that the appropriate level of free reserves should be equivalent to 8 weeks expenditure, approximately £155,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves is £274,383.

**c. INVESTMENTS POLICY**

The academy holds surplus cash balances on short fixed term deposits with NatWest Bank plc.

**d. PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the operational areas of the site and facilities and of teaching and the finances. This includes adequate insurance cover, including staff absence provision.

The Academy has undertaken work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation.

The Governors undertake a comprehensive review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Governors will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy.

A risk register is maintained at the Academy level which is reviewed at least annually by the Finance Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

**1. Government funding**

The Academy has considerable reliance on continued government funding through the ESFA. In 2016/17, 99.43% of the Academy's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- Ensuring the Academy is rigorous in delivering high quality education and training
- Placing considerable focus and investment on maintaining and managing key relationships with the ESFA

**2. Maintain adequate funding of pension liabilities**

~~The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of Financial Reporting Standard (FRS) 17. This deficit relates to non-teaching staff who are members of the Bedfordshire Pension Fund. At 31 August 2017 the deficit amounted to £567,000.~~

The pension scheme liability is an on-going liability which is not expected to crystallise until the retirement of the employees in the scheme. The Academy makes contributions to the scheme on behalf of its employees. During the year the Academy made contributions to the scheme of £54,000. The contributions are determined by the scheme's actuaries and are designed to eliminate the deficit over the estimated future working lives of the employees in the scheme.

**PLANS FOR FUTURE PERIODS**

The Academy intends to action fully the areas of development as detailed on the Academy Improvement Plan 2017/2018.

**FUNDS HELD AS CUSTODIAN ON BEHALF OF OTHERS**

There are no funds held as Custodian Governor on behalf of others.

**AUDITOR**

**Insofar as the governors are aware:**

- There is no relevant information of which the charitable company's auditor is unaware;
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the financial statement auditors are aware of that information.

The financial statement auditors, Streets Audit LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The report of the Governors was approved by the Governors on 7th December 2017 and signed on their behalf by:



.....  
**Mrs Patricia Wilson**  
**Governor and Chair of the Governing Body**

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lark Rise Academy and the Secretary of State for Education. They are 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 Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mrs Patrica Wilson, Chairman	3	3
Mr Graham Pryor, Vice Chair	3	3
Mr Marcus Ray, Staff Governor	3	3
Miss Amanda Hazell, Staff Governor	3	3
Mrs Rebecca Daulman (prev Baker), Head Teacher and Accounting Officer	3	3
Mrs Joanne Patis, Responsible Officer	3	3
Mrs Linda Berry, Staff Governor	3	3
Mr Derek Smulders, Co-opted	3	3
Mr Paul Keen, Co-opted	2	3
Mr Simon Bidgood, Parent Governor	3	3
Mrs Charlotte Mansfield	2	2
Councillor David McVicar, Local Authority	1	2
Mrs Lindsey Johnson, Co-opted	1	3

*"The Governing Body works very effectively with the school's leaders and managers in raising achievement and improving the quality of teaching. Governors fully contribute to the success of the academy and are rigorous in how they support and challenge the staff."*

Lark Rise is an 'outstanding' Academy and the Governors play their part in this whole team achievement. However there is no sense of complacency and Governors and school staff have benefitted during the year from input, support and training from external advisers who have a clear understanding of Ofsted expectations and school improvement experience. Governors have attended staff in-house training sessions on 'Assessment without Levels', data analysis, radicalisation issues and also take every opportunity to visit their subject links in the Academy. Where deemed appropriate, Governors attend Central Bedfordshire's Governor training sessions and Governor Forum Meetings.

A Governor skills survey has been completed in order to ascertain any skill areas that are weak; this information will be used when considering the appointment of new Governors or Trust Members for Lark Rise Academy.

Governors have a very good relationship with the school leadership team and receive all the relevant information necessary for them to be focused and effective in their role as a critical friend.

The Trust is continually reviewing the effectiveness of governance and seeking to identify priorities for improvement in order to ensure the very best outcomes possible for all our children.

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**GOVERNANCE STATEMENT (continued)**

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The **Finance Committee** is a sub-committee of the main board of governors. The Finance Committee has formally met 3 times during the year.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs Patrica Wilson, Chairman	2	2
Mr Graham Pryor	2	2
Mrs Joanne Patis, Responsible Officer	2	2
Mr Graham Page, Staff Governor	2	2
Mrs Rebecca Daulman (prev Baker), Head Teacher and Accounting Officer	2	2

**REVIEW OF VALUE FOR MONEY**

The accounting officer of Lark Rise Academy Trust is responsible and accountable for ensuring that the Academy trust delivers good value in the use of public resources. The accounting officer is aware of the guide to academy value for money statements published by the Education Funding Agency and understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer has set out below how the academy trust's use of its resources has provided good value for money during the academic year.

The staff and Governors at Lark Rise Academy understand that they rely on public funds for best provision. Therefore, it is seen as vital that the Academy achieves best value for money particularly because it has a large amount of control over its spending decisions.

The staff and Governors at Lark Rise Academy feel that it is their statutory duty to ensure that best value principles are adopted in order that the Academy can be successful in raising standards. The staff and Governors will endeavour to raise standards by the most economic, efficient and effective means available. In all purchasing decisions the best value principles will be applied.

The four best value principles are:

- **COMPARE**

How a school's performance compares with that of other schools.

- **CHALLENGE**

Whether the school's performance is high enough, and why and how a service is being provided.

- **COMPETE**

How the school secures economic, efficient and effective services.

- **CONSULT**

Seeking the views of stakeholders about the services provided.

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**GOVERNANCE STATEMENT (continued)**

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In relation to the Academy's expenditure and delegated budget, the main features of best value can be monitored by the governing body, who will ensure that the Academy's budget is allocated, as far as possible, to assist with the raising of standards.

In order to deliver better value for money in the Trust during the year, we have acquired various quotes from suppliers for services received, examples of these are :

- Refurbishment of school hall (including windows)
- Staff absence insurance
- Various ongoing price matching for regular school supplies (eg janitorial supplies)
- Playground storage (sheds)

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Lark Rise Academy from 1st September 2016 to 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that have been in place from 1st September 2016 to 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.

**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 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.

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
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**GOVERNANCE STATEMENT (continued)**

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The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. Mrs Jo Patis, a Governor, has continued in her role as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. These tests include :

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

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On a quarterly basis, the internal auditor reports to the Governing Body through the audit committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

**REVIEW OF EFFECTIVENESS**

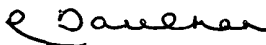
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee 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 7 December 2017 and signed on their behalf, by:

  
.....  
**Mrs Patricia Wilson**  
Governor and Chair of Governing Body

  
.....  
**Mrs Rebecca Daulman**  
Accounting Officer

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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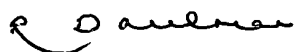
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

I confirm that I and the academy trust board of governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



.....  
**Mrs Rebecca Daulman**  
**Accounting Officer**



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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The governors (who act as trustees of Lark Rise Academy Trust, Dunstable and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued 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 governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

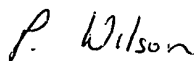
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The governors 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 Governing Body on 14.12.2017 and signed on its behalf by:

  
.....  
**Mrs Patricia Wilson**  
**Chair of Governors**

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LARK  
RISE ACADEMY TRUST, DUNSTABLE**

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**OPINION**

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

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members 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 Trust and its members, 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 Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LARK  
RISE ACADEMY TRUST, DUNSTABLE**

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The governors 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 information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Governors' Report for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report has 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 Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remunerations specified by law 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 Governors' Responsibilities, the governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the Academy Trust's or to cease operations, or have no realistic alternative but to do so.

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LARK  
RISE ACADEMY TRUST, DUNSTABLE**

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**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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

**OTHER MATTERS**

Only partial disclosure has been made in respect of governors' remuneration (note 9).



Jonathan Day (Senior Statutory Auditor)

for and on behalf of

**Streets Audit LLP**

Chartered Accountants  
Statutory Auditors

Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ  
Date:

18 December 2017.

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LARK RISE  
ACADEMY TRUST, DUNSTABLE AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 25 October 2016 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 Lark Rise Academy Trust, Dunstable during the year 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 Lark Rise Academy Trust, Dunstable and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lark Rise Academy Trust, Dunstable 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 Lark Rise Academy Trust, Dunstable and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF LARK RISE ACADEMY TRUST, DUNSTABLE'S AND THE  
REPORTING ACCOUNTANT**

The is responsible, under the requirements of Lark Rise Academy Trust, Dunstable's funding agreement with the Secretary of State for Education dated 1 October 2010, 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 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 the 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.

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LARK RISE ACADEMY TRUST, DUNSTABLE AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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The work undertaken to draw our conclusions included:

- Review of the Academy's systems and controls to ensure effective design;
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices, payments and salary adjustments;
- Review of a sample of expenses focussing on those nominal codes considered to include transactions of a greater risk;
- Review of the reports from internal scrutiny work undertaken during the year;
- Discussions with the Finance Team.

**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 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Jonathan Day (Senior Statutory Auditor)

**Streets Audit LLP**

Chartered Accountants  
Statutory Auditors

Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

Date:

18 December 2017.

**LARK RISE ACADEMY TRUST, DUNSTABLE**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

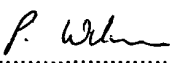
	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	9,352	12,268	21,620	15,187
Charitable activities	5	-	1,523,310	-	1,523,310	1,533,564
Other trading activities	3	9,194	64,326	-	73,520	86,005
Investments	4	112	-	-	112	390
Other income		-	13,321	-	13,321	12,914
<b>TOTAL INCOME</b>		<b>9,306</b>	<b>1,610,309</b>	<b>12,268</b>	<b>1,631,883</b>	<b>1,648,060</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		-	1,683,625	125,030	1,808,655	1,697,685
<b>TOTAL EXPENDITURE</b>	6	<b>-</b>	<b>1,683,625</b>	<b>125,030</b>	<b>1,808,655</b>	<b>1,697,685</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>9,306</b>	<b>(73,316)</b>	<b>(112,762)</b>	<b>(176,772)</b>	<b>(49,625)</b>
Transfers between Funds	15	(1,477)	5,957	(4,480)	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>7,829</b>	<b>(67,359)</b>	<b>(117,242)</b>	<b>(176,772)</b>	<b>(49,625)</b>
Actuarial gains/(losses) on defined benefit pension schemes	20	-	129,000	-	129,000	(276,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>7,829</b>	<b>61,641</b>	<b>(117,242)</b>	<b>(47,772)</b>	<b>(325,625)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		161,184	(523,271)	1,840,803	1,478,716	1,804,341
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>169,013</b>	<b>(461,630)</b>	<b>1,723,561</b>	<b>1,430,944</b>	<b>1,478,716</b>

**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07359630**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	12		1,723,561		1,840,803
<b>CURRENT ASSETS</b>					
Debtors	13	46,811		90,470	
Cash at bank and in hand		413,146		392,213	
		<u>459,957</u>		<u>482,683</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(185,574)		(212,770)	
<b>NET CURRENT ASSETS</b>			274,383		269,913
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,997,944		2,110,716
Defined benefit pension scheme liability	20		(567,000)		(632,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>1,430,944</u>		<u>1,478,716</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	15	105,370		108,729	
Restricted fixed asset funds	15	1,723,561		1,840,803	
Restricted income funds excluding pension liability		1,828,931		1,949,532	
Pension reserve		<u>(567,000)</u>		<u>(632,000)</u>	
Total restricted income funds			1,261,931		1,317,532
Unrestricted income funds	15		169,013		161,184
<b>TOTAL FUNDS</b>			<u>1,430,944</u>		<u>1,478,716</u>

The financial statements on pages 21 to 45 were approved by the governors, and authorised for issue, on and are signed on their behalf, by:

  
 .....  
**Mrs Patricia Wilson**  
**Chair of Governors**



**LARK RISE ACADEMY TRUST, DUNSTABLE**  
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	17	<u>28,609</u>	<u>52,819</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		112	390
Purchase of tangible fixed assets		<u>(7,788)</u>	<u>(12,578)</u>
<b>Net cash used in investing activities</b>		<u>(7,676)</u>	<u>(12,188)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>20,933</b>	<b>40,631</b>
Cash and cash equivalents brought forward		<u>392,213</u>	<u>351,582</u>
<b>Cash and cash equivalents carried forward</b>	18	<u><u>413,146</u></u>	<u><u>392,213</u></u>

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

**1.1 Basis of preparation of financial statements**

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.

Lark Rise Academy Trust, Dunstable constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

The governors 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 Academy Trust to continue as a going concern. The governors 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

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.4 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	28 years straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	33% reducing balance
Property improvements	-	10% reducing balance

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 incorporating Income and Expenditure Account.

**1.6 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

**1.7 Taxation**

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

**1.8 Debtors**

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

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**LARK RISE ACADEMY TRUST, DUNSTABLE**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Cash at Bank and in hand**

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

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**1.10 Liabilities and provisions**

Liabilities and provisions 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. 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.

**1.11 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions 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 incorporating Income and Expenditure Account 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**1.12 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.13 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

**1.14 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The Academy Trust 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	9,352	-	9,352	8,101
Capital Grants	-	-	12,268	12,268	7,086
	-	9,352	12,268	21,620	15,187
<i>Total 2016</i>	-	8,101	7,086	15,187	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings income	1,730	-	1,730	1,440
Charity fundraising	1,216	-	1,216	2,288
Educational trips	-	21,927	21,927	29,612
Skylarks income (childcare)	-	24,902	24,902	21,907
Extended learning clubs	-	17,497	17,497	19,063
Consultancy income	3,969	-	3,969	8,086
Photography commission	2,279	-	2,279	3,609
	9,194	64,326	73,520	86,005
<i>Total 2016</i>	15,423	70,582	86,005	

**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	112	-	112	390
<i>Total 2016</i>	390	-	390	

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**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,119,587	1,119,587	1,106,477
Other DfE/ESFA grants	-	94,068	94,068	91,484
ESFA Teaching School Income	-	72,700	72,700	98,000
	-	1,286,355	1,286,355	1,295,961
<b>Other government grants</b>				
LA Funding Early Years	-	118,427	118,427	126,141
LA SEN	-	10,814	10,814	18,843
LA Teaching School Income	-	86,063	86,063	66,576
	-	215,304	215,304	211,560
<b>Other funding</b>				
Other Teaching School Income	-	20,415	20,415	24,653
Other income	-	1,236	1,236	1,390
	-	21,651	21,651	26,043
	-	1,523,310	1,523,310	1,533,564
<b>Total 2016</b>	-	1,533,564	1,533,564	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
<b>Education:</b>					
Direct costs	1,073,318	-	208,205	1,281,523	1,276,723
Support costs	166,334	85,278	268,170	519,782	420,962
	1,239,652	85,278	476,375	1,801,305	1,697,685
<b>Total 2016</b>	1,181,358	73,238	443,089	1,697,685	



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**NOTES TO THE FINANCIAL STATEMENTS  
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**CHARITABLE ACTIVITIES**

	2017 £	2016 £
<b>DIRECT COSTS</b>		
Wages and salaries	868,320	864,622
National insurance	65,564	53,928
Pension cost	139,434	148,315
Education supplies	45,742	43,141
Staff development	15,779	19,207
Other direct costs	26,745	35,396
Depreciation	105,939	112,114
	<u>1,267,523</u>	<u>1,276,723</u>
<b>SUPPORT COSTS</b>		
Other Salaries - restricted	93,900	92,054
Other Ni - restricted	5,844	3,722
Other Pension - restricted	66,590	31,717
Support depreciation - restricted FA	19,091	23,273
Pension costs (FRS102)	14,000	13,000
Teaching school expenditure	130,452	65,262
Cleaning costs	3,529	3,498
Rent and rates	19,481	18,203
Insurance	23,500	23,877
Recruitment	4,136	4,627
Heat and light	11,310	12,600
Governance - audit fees	6,100	6,100
Governance - non-audit costs	1,250	1,950
Maintenance of premises and equipment	63,535	42,435
Catering	32,523	28,952
Technology costs	31,126	25,979
Other support and admin expenses	14,765	23,713
	<u>527,132</u>	<u>420,962</u>
<b>Total expenditure</b>	<u><u>1,808,655</u></u>	<u><u>1,697,685</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**7. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	125,030	135,387
Auditors remuneration	6,100	6,100
Auditors remuneration - other services	1,250	1,950
Operating lease rentals	9,811	12,494
	<u>          </u>	<u>          </u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	962,220	956,676
Social security costs	71,408	57,650
Operating costs of defined benefit pension schemes	206,024	167,032
	<u>1,239,652</u>	<u>1,181,358</u>

	2017 No.	2016 No.
Teachers	16	16
Support and Administration	19	19
Management	1	1
	<u>36</u>	<u>36</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	18	18
Support and administration	32	32
Management	1	1
	<u>51</u>	<u>51</u>

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

	2017 No.	2016 No.
In the band £80,001 - £90,000	1	1

The above employee participated in the Teachers' Pension Scheme.

The key management personnel of the academy trust companies of the senior leadership trust as listed on page 1. The total employee benefits (including employers pension contributions) received by key management personnel for their services to the academy trust was £419,569 (2016 £380,295).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. GOVERNORS' REMUNERATION AND EXPENSES**

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

		2017 £	2016 £
Head Teacher and Accounting Officer	Remuneration	80,000-85,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Staff Governors	Remuneration	150,000-155,000	145,000-150,000
	Pension contributions paid	20,000-25,000	20,000-25,000

During the year, no governors received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no governors received any reimbursement of expenses (2016 - £NIL).

**10. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2017 was £450 (2016 £450).

**11. OTHER FINANCE INCOME**

	2017 £	2016 £
Interest income on pension scheme assets	13,000	18,000
Interest on pension scheme liabilities	(27,000)	(31,000)
	<u>(14,000)</u>	<u>(13,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. TANGIBLE FIXED ASSETS**

	Long leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Property improve- ments £	Total £
<b>Cost</b>						
At 1 September 2016	1,456,918	22,995	37,730	96,422	713,211	2,327,276
Additions	-	-	5,592	2,196	-	7,788
At 31 August 2017	1,456,918	22,995	43,322	98,618	713,211	2,335,064
<b>Depreciation</b>						
At 1 September 2016	227,339	17,387	13,082	57,545	171,120	486,473
Charge for the year	51,991	1,402	4,264	13,425	53,948	125,030
At 31 August 2017	279,330	18,789	17,346	70,970	225,068	611,503
<b>Net book value</b>						
At 31 August 2017	1,177,588	4,206	25,976	27,648	488,143	1,723,561
At 31 August 2016	1,229,579	5,608	24,648	38,877	542,091	1,840,803

**13. DEBTORS**

	2017 £	2016 £
Trade debtors	2,700	30,073
Prepayments and accrued income	32,177	43,635
VAT recoverable	11,934	16,762
	<u>46,811</u>	<u>90,470</u>

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**14. CREDITORS: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	47,902	88,951
Other taxation and social security	20,191	20,719
Accruals and deferred income	117,481	103,100
	<u>185,574</u>	<u>212,770</u>

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	35,765	35,315
Amounts released from previous years	(35,765)	(35,315)
Catering and Autumn Clubs	3,150	3,414
Devolved formula capital	-	4,310
Universal infant free school meals	23,325	28,041
	<u>26,475</u>	<u>35,765</u>
Deferred income at 31 August 2017		

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**15. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Fund	161,184	9,306	-	(1,477)	-	169,013
<b>Restricted funds</b>						
General Annual Grant (GAG)	33,735	1,119,587	(1,159,279)	5,957	-	-
Other ESFA Grants	-	88,068	(82,094)	-	-	5,974
LA Grants	-	129,646	(129,646)	-	-	-
Teaching School	81,994	179,178	(161,776)	-	-	99,396
Other Income	(7,000)	93,830	(86,830)	-	-	-
Pension reserve	(632,000)	-	(64,000)	-	129,000	(567,000)
	(523,271)	1,610,309	(1,683,625)	5,957	129,000	(461,630)
<b>Restricted fixed asset funds</b>						
Tangible fixed assets	1,840,803	-	(125,030)	7,788	-	1,723,561
Devolved Formula Capital	-	12,268	-	(12,268)	-	-
	1,840,803	12,268	(125,030)	(4,480)	-	1,723,561
Total restricted funds	1,317,532	1,622,577	(1,808,655)	1,477	129,000	1,261,931
Total of funds	1,478,716	1,631,883	(1,808,655)	-	129,000	1,430,944

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Fund	145,371	15,813	-	-	-	161,184
	145,371	15,813	-	-	-	161,184

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. STATEMENT OF FUNDS (continued)**

**Restricted funds**

General Annual Grant (GAG)	-	1,106,477	(1,067,250)	(5,492)	-	33,735
Other ESFA Grants	-	91,360	(91,360)	-	-	-
LA Grants	-	146,090	(146,090)	-	-	-
Teaching School	23,358	184,184	(125,548)	-	-	81,994
Other Income	-	97,050	(104,050)	-	-	(7,000)
Pension reserve	(328,000)	-	(28,000)	-	(276,000)	(632,000)
	<u>(304,642)</u>	<u>1,625,161</u>	<u>(1,562,298)</u>	<u>(5,492)</u>	<u>(276,000)</u>	<u>(523,271)</u>

**Restricted fixed asset funds**

Tangible fixed assets	1,963,612	-	(135,387)	12,578	-	1,840,803
Devolved Formula Capital	-	7,086	-	(7,086)	-	-
	<u>1,963,612</u>	<u>7,086</u>	<u>(135,387)</u>	<u>5,492</u>	<u>-</u>	<u>1,840,803</u>
Total restricted funds	<u>1,658,970</u>	<u>1,632,247</u>	<u>(1,697,685)</u>	<u>-</u>	<u>(276,000)</u>	<u>1,317,532</u>
Total of funds	<u>1,804,341</u>	<u>1,648,060</u>	<u>(1,697,685)</u>	<u>-</u>	<u>(276,000)</u>	<u>1,478,716</u>

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

**General Funds:**

The Academy's general funds represent income and expenditure relating to activities undertaken by the Academy as part of its charitable activities. The Academy can then use these funds for any purpose.

**Restricted Funds:**

The Academy received a number of grants during the year for the purpose of providing educational services to its pupils. These funds included grants from the ESFA for the General Annual Grant (GAG) and Pupil Premium. Special Educational Needs grants were also received from the Local Authority. These grants have been used for staff costs, educational resources and general costs incurred in the running of the Academy. The unspent funds have been carried forward to future accounting periods.

Teaching School - The Academy received other restricted income for the provision of teaching school which has been used to provide a number of courses for staff of the Academy and other schools. The teaching school activities have also generated other income from participation and the unspent funds have been carried forward to future accounting periods.

Pension Reserve - As stated in note 20 the Academy is a participating employer in two defined benefit pension schemes. The liabilities relating to Lark Rise Academy Trust can only be determined for one of these schemes. A separate reserve has been included to show the impact of the changes in valuation of this pension scheme.



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**15. STATEMENT OF FUNDS (continued)**

**Restricted Fixed Asset Funds:**

The Academy received Capital Formula funding to be spent on capital repairs and the purchase of new equipment. Assets which are capitalised in the accounts are represented by a separate fund within the Restricted Fixed Assets reserve.

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	1,723,561	1,723,561
Current assets	169,013	290,944	-	459,957
Creditors due within one year	-	(185,574)	-	(185,574)
Provisions for liabilities and charges	-	(567,000)	-	(567,000)
	<u>169,013</u>	<u>(461,630)</u>	<u>1,723,561</u>	<u>1,430,944</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	1,840,803	1,840,803
Current assets	161,184	321,499	-	482,683
Creditors due within one year	-	(212,770)	-	(212,770)
Provisions for liabilities and charges	-	(632,000)	-	(632,000)
	<u>161,184</u>	<u>(523,271)</u>	<u>1,840,803</u>	<u>1,478,716</u>

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**17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(176,772)	(49,625)
<b>Adjustment for:</b>		
Depreciation charges	125,030	135,387
Dividends, interest and rents from investments	(112)	(390)
Decrease/(increase) in debtors	43,658	(7,088)
Decrease in creditors	(27,195)	(53,465)
Defined benefit pension scheme cost less contributions payable	50,000	15,000
Defined benefit pension scheme finance cost	14,000	13,000
<b>Net cash provided by operating activities</b>	<b>28,609</b>	<b>52,819</b>

**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	413,146	392,213
<b>Total</b>	<b>413,146</b>	<b>392,213</b>

**19. CAPITAL COMMITMENTS**

At 31 August 2017 the Academy Trust had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	17,243

**20. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bedford Borough Council. Both are Multi-Employer Defined Benefit Pension 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. PENSION COMMITMENTS (continued)**

**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. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £94,475 (2016 - £96,287).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

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**20. PENSION COMMITMENTS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £73,000 (2016 - £69,000), of which employer's contributions totalled £54,000 (2016 - £51,000) and employees' contributions totalled £19,000 (2016 - £18,000). The agreed contribution rates for future years are 19.4% for employers and varying% 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.70 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.4	22.4
Females	24.5	24.3
Retiring in 20 years		
Males	24.0	24.4
Females	26.2	26.8

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Discount rate -0.5%	197,000	198,000
Salary increase rate +0.5%	28,000	52,000
Pension increase rate +0.5%	166,000	142,000

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	381,000	456,000
Gilts	-	-
Corporate bonds	100,000	59,000
Property	60,000	59,000
Cash and other liquid assets	127,000	18,000
Derivatives	-	-
Total market value of assets	<u>668,000</u>	<u>592,000</u>

The actual return on scheme assets was £3,000 (2016 - £81,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(104,000)	(66,000)
Interest income	13,000	18,000
Interest cost	(27,000)	(31,000)
Total	<u>(118,000)</u>	<u>(79,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	2016 £
Opening defined benefit obligation	1,224,000	770,000
Current service cost	104,000	66,000
Interest cost	27,000	31,000
Employee contributions	19,000	18,000
Actuarial (gains)/losses	(139,000)	339,000
Closing defined benefit obligation	<u>1,235,000</u>	<u>1,224,000</u>

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**20. PENSION COMMITMENTS (continued)**

Movements in the fair value of the Academy Trust's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	592,000	442,000
Expected return on assets	13,000	18,000
Actuarial gains/(losses)	(10,000)	63,000
Employer contributions	54,000	51,000
Employee contributions	19,000	18,000
	<u>668,000</u>	<u>592,000</u>
Closing fair value of scheme assets	<u>668,000</u>	<u>592,000</u>

**21. OPERATING LEASE COMMITMENTS**

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

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	3,247	2,693
Between 1 and 5 years	9,758	965
Total	<u>13,005</u>	<u>3,658</u>

**22. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The daughter of Mrs P Wilson, Chair of Governors, is employed by Lark Rise Academy. The appointment followed the correct staff recruitment policy. During the year the value of remuneration fell within the band £30,000 - £35,000 (2016 £30,000 - £35,000).

The mother of Mrs R Daulman, Headteacher and Accounting Officer, works as a supply teacher at Lark Rise Academy. The procurement of the services has followed the Academies policies. During the year the value of services provided fell within the band £5,000 - £10,000 (2016 £5,000 - £10,000).

The wife of Mr S Bidgood, Co-opted Governor, is employed by Lark Rise Academy. The appointment followed the correct staff recruitment policy. During the year the value of remuneration fell within the band £10,000 - £15,000 (2016 £10,000 - £15,000).

During the year, Mrs Lindsey Johnson, a governor, received payments for services provided as an educational consultant provided to the school £2,550 (2016 - £2,375). There was no profit element included in the amounts.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. 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.