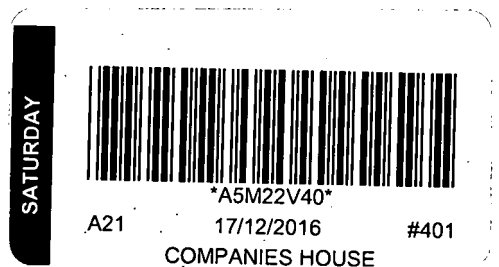


Registered number: 07658688 (England and Wales)

**REID STREET PRIMARY SCHOOL**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**



**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**REID STREET PRIMARY SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Members**

T Alley  
G Campbell  
I W Fenton  
C L Saunders  
G C Warren

**Governors**

C L Saunders, Chair<sup>1</sup>  
G Campbell, Vice Chair<sup>1</sup>  
P A Ayto, Principal (appointed 1 September 2015)<sup>1</sup>  
C Bond, Staff Governor  
T Charlton, Staff Governor  
Revd L E Gough  
Cllr S J Harker<sup>1</sup>  
J E Knowlson, Staff Governor<sup>1</sup>  
M A Sanderson  
G C Warren  
M Wright<sup>1</sup>

<sup>1</sup> Member of the Finance, Personnel and Audit Committee

**Company registered number**

07658688

**Company name**

Reid Street Primary School

**Principal and registered office**

Reid Street  
Darlington  
Co Durham  
DL3 6EX

**Company secretary**

A Robinson

**Senior leadership team**

P Ayto, Principal  
A Robinson, Director of Business  
J Knowlson, Senior Vice Principal  
J Davison, Vice Principal  
L Robson, Vice Principal

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND  
ADVISERS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**Advisers (continued)**

**Independent auditors**

Clive Owen LLP  
Chartered Accountants  
and Statutory Auditors  
140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

**Bankers**

Lloyds Bank plc  
Darlington  
Co Durham  
DL1 1TL

**Solicitors**

Wrigleys Solicitors LLP  
19 Cockridge Street  
Leeds  
LS2 3AG

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 4 to 11 serving a catchment area in Darlington. It has a pupil capacity of 420 and had a roll of 416 in the school census on 7 October 2015.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

The principle objective and activity of the charitable company is the operation of Reid Street Primary School to provide education for students of different abilities between the ages of 4 and 11, with an emphasis on promoting pupils' positive attitudes to learning.

In accordance with the Funding Agreement, 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 pupils are drawn, and that the curriculum shall be broad and balanced and shall include English, Mathematics and Science. The academy shall make provision for the teaching of religious education and for a daily act of collective worship at the academy.

Our central aim is to ensure that the children in our care achieve to their full potential, as individuals, within the caring ethos of our school.

The staff and Governors aim to ensure that Reid Street has a high profile within the community and to ensure that the school provides:

- A high quality of education, consistent with statutory requirements as set out in individual policy documents and schemes of work for each subject area.
- A caring, secure and welcoming ethos.
- Attractive and comfortable surroundings conducive to achieving these aims.

### **Objectives, strategies and activities**

The main objectives of the academy during the year ended 31 August 2016 are summarised below:

- [Objective 1] Embedding of new creative curriculum.
- [Objective 2] Embedding of new assessment systems.
- [Objective 3] Upgrade of I.T. systems.
- [Objective 4] Renewal of Basic Skills Quality Mark
- [Objective 5] Renewal of NQT Induction Quality Mark
- [Objective 6] Achievement of Bronze 'Food for Life' Award
- [Objective 7] Achievement of Bronze School Games Award.

The strategies and activities to achieve these objectives have been set out in the following sections.

### **Public Benefit**

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy should undertake.

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

Whilst the government has made clear that, following the significant changes to assessment, results from 2015 "cannot be compared" with those for 2016, the summary below highlight key trends, strengths and areas of development where possible.

As described in Section 6, 'on-entry'- Foundation Stage data illustrates the challenges faced by the school. High expectations, an effective and appropriate curriculum, quality first teaching and timely, impactful interventions ensure strong progress across Reception year. This has led to a significant increase in the number of pupils who achieve Good Level of Development by the end of their first year at Reid Street:

2014 - 45%      2015 - 55%      2016 - 60%

However, this remains below the local and national of 69% and so forms part of the target setting School Development Plan for 2016-17.

A progressive, rigorous phonics acquisition programme has been embedded over several years and the impact of this is evident:

Year 1 pupils assessed as working at the national expected level:

2014 - 66.1% (below local & national) / 2015 - 84.5% (above local & national) / 2016 - 85.7% (equal to local & above national)

In 2015, only one pupil entered KS2 not having reached the expected standard (and significant additional support was put in place for that pupil) and again in 2016.

Whilst it is clear that there is a successful, progressive phonics acquisition programme in place which is appropriate for the majority of pupils, the focus needs to be on how best to support lower achieving pupils to succeed in this area - hence the introduction of the Read Write Inc phonics programme from Reception.

"Pupils were assessed against the new more challenging curriculum, which was introduced in 2014, for the first time this year. Because of these assessment changes, figures for 2016 are not comparable to those for earlier years. The expectations for pupils at the end of key stage 1 have been raised." (DfE 29 Sept 2016). Despite this, teachers and pupils at Reid Street rose to the challenge. Data from previous years shows that, from the low starting points on entry to Foundation Stage, pupils make strong progress across Key Stage 1 to attain in line with local and national percentages. 2016 brought challenges with a leaked Grammar, Punctuation and Spelling test, late exemplification materials and a very proscriptive Interim Framework (introduced after failed Performance Descriptors), however, pupils in Year 2 achieved slightly above the local and national attainment:

% of pupils attaining the new national expected standard (EXS) or better:

Reading: 75% (Nat. 74%)    Writing: 70% (Nat 65%)    Maths: 78.3% (Nat 73%)

"The new expected standards were designed to be broadly similar but are not equivalent to an old level 2b. The performance descriptors, used by teachers in the standard setting process, were developed with an understanding of the performance of pupils working at level 2b. However, given the curricula differences, there is not a direct equivalence between the new expected standard and level 2b in previous years." (DfE 29 Sept 2016).

It is worth noting that steady improvements in achievement in Year 2 had led to higher percentages of Reid Street pupils achieving at level 2b for reading and writing - maths was therefore a target as this was 7% below the national. The results for this year highlight the positive impact of work towards that target.

**REID STREET PRIMARY SCHOOL**  
(A company limited by guarantee)

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**ACHIEVEMENTS AND PERFORMANCE (continued)**

Historically, under the previous system of levels, the number of pupils from Reid Street gaining the higher grade of Level 3 for reading, writing and / or mathematics has been lower than those locally and nationally. However, in 2016, for the more challenging 'greater depth' (GDS), Reid Street pupils achieved higher than local and national in Reading and equal to the national in writing. Year 2 assessments were externally moderated through an SLA with Sunderland LA who were highly complimentary about the amount of evidence provided to support teacher assessment judgements. In maths, the moderators recommended three more pupils should achieve the greater depth standard given the extensive evidence offered, however teachers felt more cautious in this first year of the Interim Framework and new assessments. Had those three pupils been awarded GDS, then the school would be in line with the local and only slightly below the national for maths. When combined as RWM, pupils at Reid Street exceeded the national percentage for both EXS and GDS and this was also the case when Science is added to the combination.

As the Interim Framework will be in place for at least one more year, ensuring that there is sufficient evidence for teachers to award the 'working at greater depth' standard will form a focus for the next year.

The final year of use of levels for KS2 assessment (2015) was another very successful one for Reid Street and culminated results which highlighted the positive impact of initiatives introduced and embedded.

	2015 National Floor Standards	School
Level 4+ RWM	65%	98%
Expected Progress (Reading)	94%	98%
Expected Progress (Writing)	97%	100%
Expected Progress (Maths)	93%	100%

In Reading, Writing and Mathematics significantly more Reid Street pupils achieved L4B+ than those locally and nationally. Average Point Scores for all subjects (including Grammar, Spelling and Punctuation - 93% L4+) were above local and national comparators and KS2 value added was broadly average or above in all subjects. There was no comparable school (identified through the DfE Performance Tables) within 75 miles that achieved as well as Reid Street.

As with KS1, the removal of levels and introduction of higher expectations was challenging for Y6 pupils, compounded by the fact that the new national curriculum had only been in place for two years. Similar issues around late exemplification materials and a new Interim Framework added to the challenge. Pupils found the new reading test particularly difficult. Despite these issues, not only was the floor target (set at 65%) exceeded for all subjects but Reid Street pupils also performed better than those locally and nationally across all subjects and also exceeded the national average scale score for all subjects.

	Reid Street	Darlington	National
Reading achieved standard	71.2%	68.1%	65.6%
Writing achieved standard	88.1% (fft sig+)	73.7%	74.0%
Maths achieved standard	88.1% (fft sig+)	74.3%	69.7%
RWM achieved standard	69.5% (fft sig+)	56.0%	53.2%
GPS achieved standard	88.1% (fft sig+)	74.6%	72.4%

It was not until September that schools were informed as to the threshold of scaled scores (i.e. that 110+ would achieve the 'higher standard') and what progress scores between KS1 (based on APS) and KS2 had been achieved.

The percentage of pupils at Reid Street achieving the 'high score' for each subject is as follows:

Reading - 20%    Writing (greater depth) - 20%    Maths - 19%    GPS - 44% (fft sig+)    RWM - 5%

There are no national comparators via Raise on Line as yet.

Schools will be above the Floor Target (December 2016) if: 65% of pupils achieve the expected standard in Reading, Writing and maths or there is sufficient progress in all three subjects: at least -5 in Reading; at least -7 in Writing; at least -5 in Maths.

**REID STREET PRIMARY SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**ACHIEVEMENTS AND PERFORMANCE (continued)**

Progress scores for Reid Street are: Reading 0.1; Writing 1.8; Maths 2.3

The school is therefore above the floor target on all measures. The national RWM 'achieved standard' percentage of 53.2 means that many schools fall below the floor target for this measure.

The school does not meet the definition of 'Coasting'.

Key Groups:

Pupil Premium / Disadvantaged

Whilst the overall absence recorded for Reid Street pupils, including those entitled to Pupil Premium, compares well to national figures, for persistence absenteeism (previously below 85%, now below 90%) across the school and for last year's Year 6 pupils, the figure for Reid Street was higher than the national. This is therefore a focus for 2016/17.

At the end of Foundation Stage in 2014, far fewer Reid Street FSM pupils achieved GLD than nationally, with particular issues around the core areas of speaking and listening, writing, numbers and shape and measures. This gap was improved by July 2015 in all areas.

In Year 1 Phonics, there has been, since 2013, a significant improvement in the percentage of Disadvantaged pupils achieving the checklist pass mark and by 2015 79% of FSM pupils at Reid Street met this standard compared to 69% of FSM nationally and 83% of 'other' pupils nationally.

In end of KS1 assessments, despite the raising of expectations in the new national standard, FSM and Pupil Premium (FSM in last 6 years) pupils are in the higher performing groups for overall achievement, reading and maths and FSM pupils are in this group for writing. (fft aspire).

In all subjects other than writing (i.e. reading, maths, science, RWM and RWMS), Disadvantaged pupils at Reid Street achieved better than disadvantaged pupils in the LA.

In 2015, in Key Stage 2 assessments at Level 4+, Disadvantaged pupils at Reid Street achieved better than their peers in school and matched or exceeded 'other' pupils nationally in reading, writing, maths and all three combined. In GPS, Disadvantaged pupils exceeded the national 'other' figure.

Reid Street Disadvantaged pupils also achieved greater valued added scores than 'other' in school and 'other' nationally. This was also the case for expected progress for reading, writing and maths when compared to 'other' nationally.

In 2016, FSM pupils are in the higher performing group for GPS and FSM (ever) for reading (fft aspire). As with KS1, KS2 FSM pupils at Reid Street are in the lower performing group. However, it should be noted that 35% of those entitled to Pupil Premium in this cohort were on the SEN register (and 64% of those on the SEN register were also PP) for significant cognitive delay. The same percentage had achieved low scores in KS1 assessments - below 15 APS. Several other Pupil Premium Year 6 pupils, who would have (under the previous system) achieved a L4+, struggled to rise to the new expected standard of scale score 100 (1 achieved 99!). More Pupil Premium pupils at Reid Street achieved the national expected standard than Pupil Premium pupils nationally in reading, writing and mathematics; they came close to the national figure for 'all pupils' for writing and exceeded this for maths. With the interim framework in place for another year, the focus will be on internal data and diminishing the difference between Pupil Premium pupils and 'others' in school through use of the TSC Pupil Premium Review framework.

The second Performance Management Pupil Progress target (see below for details of the first) ensures that all staff focus on diminishing the gap between those entitled to the Pupil Premium grant and their peers. Internal data illustrates that good progress was made in all but one year group.



**REID STREET PRIMARY SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**ACHIEVEMENTS AND PERFORMANCE (continued)**

**SEN**

5 pupils were on the SEN register for Reception class in 2016, 4 of whom had One Plans. None of these pupils achieved GLD given their significant needs.

In 2015, 1 pupil with an EHCP achieved the pass mark for the Phonics Checklist in Year 1 and 2 pupils on the SEN register did not. In 2016, only 1 Year 1 pupil on the SEN register (out of 7) achieved the pass mark for the phonics checklist. As the cohort numbers are very small and individual additional needs very unique, it is difficult to draw conclusions. However, a focus on these pupils will form part of the SDP for 2016/17.

In 2015, the APS for SEN pupils in KS1 was in line with the national. In 2016, of the 8 Year 2 pupils on the SEN register (including 1 with an EHCP) 2 achieved the national expected standard in reading and writing, 1 in reading, writing and science and 1 in reading, maths and science.

In 2015, all Year 6 pupils on the SEN register achieved L4+ for all subjects other than GPS and in that subject, 70% of Reid Street SEN pupils achieved L4+ compared to SEN nationally at 45%. At the higher level 5+, over double the percentage of Reid Street SEN pupils achieved this than national for maths and almost double for reading. SEN pupils made better progress than non SEN (VA of 101.3 compared to 100.3) and all made expected progress.

In 2016, SEN Support are in the higher performing group for overall attainment, reading, maths and GPS. Given the overlap with FSM, it is not surprising to find that SEN Support are in the lower performing group for writing.

**More Able**

Given the changes to assessment, it is difficult to return to targets set around More Able pupils in the previous academic year, however, in 2015-16 it was evident that girls did not perform at the higher levels in either Key Stage 1 or Key Stage 2 in maths and boys in reading and writing in the same numbers as those nationally and therefore this will form a key focus following the release of Raise on Line. More Reid Street pupils achieved the 'Greater Depth' higher standard than nationally for reading, writing and maths at Key Stage 2. A scale score of 110 had to be achieved to gain this higher standard; several pupils scored 109 - 4 in reading, 2 in GPS and 5 in maths. As no Pupil Premium pupils achieved this standard for writing and maths, this will form a target for the coming year.

**Gender**

In 2014, the gender gaps across all areas of Foundation Stage were better than those nationally, however this is partially a result of relatively low numbers of pupils of both genders achieving GLD. 2015 saw a widening of gender gaps in favour of girls with boys achieving significantly lower across all areas. This gender gap will form part of the Action Plan for Foundation Stage in 2016/17.

Despite the success in Year 1 Phonics, it is worth noting that only 1 girl did not meet the standard required, whereas 6 boys did not. Although there is an 'in-school' gender gap in Phonics in Year 2, boys achieved better than girls and both genders did better than their peers nationally.

Neither gender is identified as 'lower performing' (fft aspire) at the end of KS1 for any subject. At the end of Key Stage 2, boys are identified as lower achieving in reading (again it is worth noting that 8 out of the 11 SEN pupils of that year were boys).

**REID STREET PRIMARY SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**ACHIEVEMENTS AND PERFORMANCE (continued)**

Following the national removal of levels, each school was encouraged to develop their own systems of internal, 'live' assessment based on the curriculum that was appropriate to them. Levels were often broad and did not identify the strengths and areas that were less secure - for example two pupils assessed to be working at Level 3C for mathematics could have very different profiles as mathematicians but a 'best fit' judgement of 3C fitted both. The opportunity was taken at Reid Street to work closely with the developers of Primary Progress Toolkit to produce a system which focuses much more clearly on pupil strengths and identifies gaps in learning that will, when tackled, ensure that pupils have solid foundations on which to build future progress. The statements of the National Curriculum for reading, writing and maths have been tailored to the context of Reid Street whilst maintaining the high expectations. One year in, teachers are able to use the baseline created to tailor teaching, learning and assessment to the needs of the pupils in their classes / sets effectively.

The first key Performance Management pupil progress target has, for several years, been based on an aspirational 85% of pupils achieving 4APS each year across the school thus ensuring that all teachers take responsibility for good progress and not only those in the key year groups of Foundation Stage, Year 1 (re phonics), Year 2 and Year 6. However, this system was based on assessment using levels and could lead to some pupils (in the remaining 15%) making insufficient progress over one or more years. Therefore, for 2016-15, this target has focused on: 1. Teachers becoming proficient in using the new Toolkit system to track National Curriculum statements effectively; 2. measuring progress through the number of statements achieved. Both foci have had a positive impact. Teachers have developed much deeper understanding of each statement, including through effective moderation with colleagues within and beyond year group teams. Strong progress is evident across all year groups using the Toolkit (Years 1 to 6). This is both from the baseline for the current year group of zero statements achieved as the system was new, and from the baseline created through moderation with the previous teacher for statements from the curriculum for the previous year. For some pupils with additional needs, it is necessary to revisit statements from several years previous to the current year group (i.e. statements from Y2 for a Y4 pupil) to ensure that solid foundations were in place on which to build future learning.

The Whole School Target for the autumn term will focus on revisiting National Curriculum statements that remain unachieved from the year previous to the last (i.e statements from the Year 4 curriculum for Year 6 pupils) where this is relevant.

FFT data has been updated in line with the changes to assessment and target setting based on predictions for each individual pupil has been used as part of teacher assessment from Year 1 onwards to ensure that teachers are aware of expectations for all pupils. Teachers meet with their Performance Management appraiser termly to discuss pupil progress with a particular focus on pupils who are attaining below national expectations or not making expected progress, with actions planned to tackle these.

Now that progress measures are available, it is possible to use the APS from KS1 to set targets for pupils currently in Years 4, 5 and 6.

A wide range of interventions are used across the school to enhance and supplement quality first teaching. These can be flexible - based on formative assessment for learning opportunities (through the Formative Assessment Book - FAB) or focused on basic skills such as recall of number bonds and times tables (tracked through the Maths Passport) or handwriting (tracked through the school's progression and award system). Others are nationally tried and tested programmes with good track records of success; a good deal of research goes into finding suitable interventions that fit the context of Reid Street and needs of pupils. Examples include Speech Link and Language Link, BLAST, Talk Boost, BRSP and 'My Maths'. Baseline assessments are carried out for these interventions and progress is tracked. Currently in development is a system for collating all interventions in within one document and using national data to evaluate impact.

**Key performance indicators**

The key performance indicators are detailed above and they confirm that all objectives have been met.

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**ACHIEVEMENTS AND PERFORMANCE (continued)**

**Going concern**

After making appropriate enquiries, the board of Governors 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**

Most of the academy's income is obtained from the Department of Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 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 DfE/EFA. In accordance with The Charities SORP (FRS102), 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 2016, total expenditure of £ 2,004,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £ 47,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2016 the net book value of fixed assets was £ 2,177,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £ 979,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2016 of £ 1,595,000 comprising £ 1,553,000 of restricted funds and £ 42,000 of unrestricted funds.

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Principal risks and uncertainties**

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

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

The academy has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

**Reserves policy**

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held to cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by the Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £150,000.

This is considered sufficient to cover

- a) delays between the spending and receipt of grants and;
- b) unexpected emergencies such as urgent maintenance.

The academy's current level of free reserves are in surplus by £42,000; there is also a GAG carry forward available of £348,000 and therefore these are considered to be above the level of reserves required for the ongoing needs of the academy. The Governors continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) Future capital expenditure projects
- b) Uncertainty over future pension contribution rates
- c) Uncertainty over the outcome of the National Funding formula project.

**Investment Policy**

The academy invests surplus funds of £200,000 through a 32 day higher interest account in Lloyds Bank plc. Interest rates continue to be reviewed during the year. This policy maximises investment return whilst minimising risks to the principal sum.

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Governors of Reid Street Primary School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Reid Street Primary School.

Details of the Governors who served during the year are included in the Reference and administrative details on page 1.

**Members' liability**

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

**Method of recruitment and appointment or election of Governors**

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal or any post held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

**Policies and procedures adopted for the induction and training of Governors**

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two Governors a year, induction tends to be done informally and is tailored specifically to the individual.

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

The finance, personnel, pay and audit committee approve any recommendations from the Principal for pay and remuneration awards for the academy. Governors can seek advice from Avec Partnership Ltd when required.

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Organisational Structure**

During the year the academy continued to operate a unified management structure. The Structure consists of 4 levels: the Members, the Governors, the Senior Leadership team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Executive Group consists of the Principal, Senior Vice Principal and Director of Business who control the academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Executive Group together with the members of the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts below the Senior Leadership Team, through appointment boards which sometimes contain a Governor. Some spending control is devolved to members of the Senior Leadership Team, with limits above which a member of the Executive must countersign.

The Senior Leadership Team includes the Executive Group and the two other Vice Principal members of the Senior Leadership Team. The middle management of the academy is centred around the two Vice Principal Key Stage Managers and the Teaching and Learning Responsibility holders. These managers/curriculum leaders are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

**Connected organisations, including related party relationships**

The academy trust is not part of a wider network such as a soft federation.

**Governors' indemnities**

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. From 1st July 2015 this was taken through the RPA, Risk Protection Assurance, and engineering and business cover insurance was taken through Zurich Insurance. These policies have been renewed in July 2016.

**PLANS FOR FUTURE PERIODS**

**Future developments**

- Repair of the school wall adjoining the school and Memorial Hospital.
- Extension to the existing Store room (off the sports/main hall).

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Disclosure of information to auditors**

In so far as the Governors are aware:

- there is no relevant audit information of which the auditors are unaware, and
- the Governors have taken all steps that they ought to have taken as a Governor to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Governors' report, incorporating a strategic report, was approved by order of the Board of Governors as the company directors, on 1 December 2016 and signed on its behalf by:



**C L Saunders**  
**Chair**

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The Board of Governors has delegated the day-to-day responsibility to the Principal, 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 Reid Street Primary School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors 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 Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
C L Saunders, Chair	3	3
G Campbell, Vice Chair	3	3
P A Ayto, Principal	3	3
C Bond, Staff Governor	3	3
T Charlton, Staff Governor	2	3
Revd L E Gough	2	3
Cllr S J Harker	2	3
J E Knowlson, Staff Governor	3	3
M A Sanderson	2	3
G C Warren	0	3
M Wright	2	3

There has been no changes to the composition of the Board of Governors and any challenges arisen have been noted in the minutes of the meeting.

Governance review:

A Governance review will take place during the first term of the new school year.

The Finance Personnel and Audit Committee is a sub-committee of the main Board of Governors. Its purpose is to perform the duties of the Governing Body as delegated with authority to make decision regarding the strategic financial management of the academy.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
C L Saunders	3	3
G Campbell	3	3
P A Ayto	3	3
Cllr S J Harker	2	3
J E Knowlson	3	3
G C Warren	1	3
M Wright	3	3



**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

**REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year:

The Academy continues to use the funding received to improve pupil progress and results and has used specific funding to target areas of greater need, for example: additional spending on a phonics programme for Foundation Stage, Key Stage 1 and targeted pupils in Year 3; linked to the creative curriculum – provision of a wide range of experiences and opportunities to engage pupils in learning and further enhancement of pastoral support for pupils to improved attendance and attitudes to learning. Funding has been used effectively to provide staff training, continual development and support and advice from external experts and agencies to enhance provision for individual pupils and their families, identified groups and cohorts.

An innovative and highly effective use of funds has enabled the continuation of additional teaching staff allowing for reduced class sizes for teaching of English and mathematics.

The effectiveness of these measures is evident in impact evaluations: Attendance remains consistently high; the percentage of pupils achieving Good Level of Development in Foundation Stage has risen 15% over three years; despite the challenges of raised expectations, attainment in Key Stage 1 matched or exceeded that nationally in all but the higher level in maths; in Key Stage 2 SATs, again despite raised expectations results were better than those nationally for all subjects; the percentage of pupils achieving the required standard in phonics in Year 1 and Year 2 exceeded the national. The DfE Performance Tables highlight that there is no comparable school within 75 miles achieves as well as Reid Street.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Reid Street Primary School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of petty cash/expenses procedures
- Testing of income
- Testing of the accounting systems and management information produced
- Review of Governor appointments/resignations and declarations of interest
- Review of gifts and hospitality & honorarium/ex-gratia payments
- Review of information technology strategy
- Review of fixed assets
- Review of VAT and Corporation tax position

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Principal 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 external auditors;
- the work of the executive managers within the academy 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 Personnel and Audit 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 Board of Governors on 1 December 2016 and signed on their behalf, by:



**C L Saunders**  
**Chair**



**P A Ayto**  
**Accounting Officer**

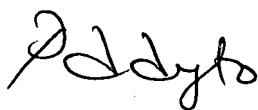
**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Reid Street Primary School 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 EFA 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 2015.

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 2015.

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 Governors and EFA.



**P A Ayto**  
**Accounting Officer**

Date: 1 December 2016

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Governors (who 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 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 the EFA/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 1 December 2016 and signed on its behalf by:



**C L Saunders**  
**Chair**

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REID STREET PRIMARY SCHOOL**

We have audited the financial statements of Reid Street Primary School for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and the related notes. 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" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy'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's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REID STREET PRIMARY SCHOOL**

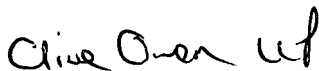
**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Kevin Shotton BA FCA (Senior statutory auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
and Statutory Auditors

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

1 December 2016

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO REID STREET  
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Reid Street Primary School during the year 1 September 2015 to 31 August 2016 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 Reid Street Primary School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Reid Street Primary School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Reid Street Primary School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF REID STREET PRIMARY SCHOOL'S ACCOUNTING OFFICER AND  
THE REPORTING AUDITORS**

The Accounting Officer is responsible, under the requirements of Reid Street Primary School's funding agreement with the Secretary of State for Education dated 27 June 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;



**REID STREET PRIMARY SCHOOL**  
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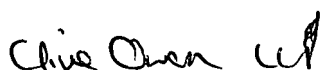
**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO REID STREET  
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

**APPROACH (continued)**

- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

**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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Kevin Shotton BA FCA

**Reporting Accountant**

Clive Owen LLP

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

1 December 2016

**REID STREET PRIMARY SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

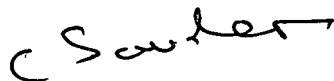
	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	17	-	9	26	34
Charitable activities	5	-	1,846	-	1,846	1,836
Other trading activities	3	45	-	-	45	32
Investments	4	1	-	-	1	-
<b>TOTAL INCOME</b>		<b>63</b>	<b>1,846</b>	<b>9</b>	<b>1,918</b>	<b>1,902</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		50	1,812	142	2,004	1,934
<b>TOTAL EXPENDITURE</b>	7	<b>50</b>	<b>1,812</b>	<b>142</b>	<b>2,004</b>	<b>1,934</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	16	13	34	(133)	(86)	(32)
		-	(80)	80	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>						
		13	(46)	(53)	(86)	(32)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(520)	-	(520)	21
<b>NET MOVEMENT IN FUNDS</b>		<b>13</b>	<b>(566)</b>	<b>(53)</b>	<b>(606)</b>	<b>(11)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		29	(65)	2,237	2,201	2,212
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>42</b>	<b>(631)</b>	<b>2,184</b>	<b>1,595</b>	<b>2,201</b>

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07658688**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£000	2016 £000	2015 £000
<b>FIXED ASSETS</b>				
Tangible assets	12		2,177	2,231
<b>CURRENT ASSETS</b>				
Debtors	13	49		47
Cash at bank		446		459
		<u>495</u>		<u>506</u>
<b>CREDITORS:</b> amounts falling due within one year	14	(98)	(104)	
<b>NET CURRENT ASSETS</b>			<u>397</u>	<u>402</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,574</u>	<u>2,633</u>
Defined benefit pension scheme liability	22		(979)	(432)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>1,595</u></u>	<u><u>2,201</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Restricted funds	16	348		367
Restricted fixed asset funds	16	2,184		2,237
		<u>2,532</u>		<u>2,604</u>
Restricted funds excluding pension liability				
Pension reserve		(979)		(432)
		<u></u>		<u></u>
Total restricted funds			1,553	2,172
Unrestricted funds	16		42	29
<b>TOTAL FUNDS</b>			<u><u>1,595</u></u>	<u><u>2,201</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 1 December 2016 and are signed on their behalf, by:



**C L Saunders**  
**Chair**

The notes on pages 27 to 46 form part of these financial statements.

**REID STREET PRIMARY SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	65	55
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1	-
Purchase of tangible fixed assets		(88)	(22)
Capital grants from DfE/EFA		9	25
<b>Net cash (used in)/provided by investing activities</b>		(78)	3
<b>Change in cash and cash equivalents in the year</b>		(13)	58
Cash and cash equivalents brought forward		459	401
<b>Cash and cash equivalents carried forward</b>		446	459

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Reid Street Primary School constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Reid Street Primary School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Reid Street Primary School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

**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 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.

**REID STREET PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the academy 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 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 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 there is certainty of receipt 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.

Charitable activities are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.5 Tangible fixed assets and depreciation**

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

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

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Term Leasehold Property	-	over 17 years
Fixtures and fittings	-	over 7 years
Computer equipment	-	over 3 years
Long Term Leasehold Land	-	over 125 years

**1.6 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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 recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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

**1.7 Taxation**

The academy 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 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.

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

**1.8 Pensions**

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

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 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 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses

**1.9 Fund accounting**

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



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.10 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £141,000.

Land and buildings - Land and buildings are held under a 125 year lease from Darlington Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

**1.11 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

**1.12 Debtors**

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

**1.13 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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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.14 Financial instruments**

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

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

	Unrestricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Donations	17	-	17	9
Capital grants	-	9	9	25
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	17	9	26	34
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £9,000 was to unrestricted funds and £25,000 was to restricted fixed asset funds

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry income	6	-	6	-
Lettings	1	-	1	-
Staff absence insurance	9	-	9	1
Catering	29	-	29	31
	<hr/>	<hr/>	<hr/>	<hr/>
	45	-	45	32
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from other trading activities, £32,000 was to unrestricted funds and £ NIL was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Investment income	1	-	1	-
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total investment income, £ NIL was to unrestricted funds and £ NIL was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,557	1,557	1,548
Pupil Premium	-	168	168	177
Other DfE/EFA grants	-	72	72	67
	<u>-</u>	<u>1,797</u>	<u>1,797</u>	<u>1,792</u>
<b>Other government grants</b>				
SEN	-	45	45	39
Other Government Grants	-	4	4	-
	<u>-</u>	<u>49</u>	<u>49</u>	<u>39</u>
<b>Other funding</b>				
Other Grants	-	-	-	5
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
	<u>-</u>	<u>1,846</u>	<u>1,846</u>	<u>1,836</u>

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £1,836,000 was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**6. CHARITABLE ACTIVITIES**

	2016 £000	2015 £000
<b>DIRECT COSTS</b>		
Wages and salaries	1,051	1,060
National insurance	82	74
Pension cost	183	174
Educational supplies	84	45
Staff development	14	4
Insurance	13	10
Other direct costs	31	28
	<hr/> 1,458	<hr/> 1,395
<b>SUPPORT COSTS</b>		
Wages and salaries	89	85
National insurance	3	3
Pension costs	21	21
Depreciation	142	126
Net interest cost on pension scheme	15	14
Technology costs	31	29
Maintenance of premises and equipment	30	38
Cleaning	32	34
Rates	11	11
Energy	17	18
Insurance	10	21
Security	-	1
Transport	7	4
Catering	87	89
Occupancy costs	2	2
Bank interest and charges	-	1
Other support costs	14	7
Governance costs	35	35
	<hr/> 546	<hr/> 539
	<hr/>	<hr/>
	<hr/> 2,004	<hr/> 1,934
	<hr/>	<hr/>

**REID STREET PRIMARY SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**7. EXPENDITURE**

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Academy's educational operations:					
Direct costs	1,316	-	142	1,458	1,395
Support costs	113	216	217	546	539
	<u>1,429</u>	<u>216</u>	<u>359</u>	<u>2,004</u>	<u>1,934</u>

In 2016, of the total expenditure, £50,000 (2015 - £38,000) was to unrestricted funds, £142,000 (2015 - £126,000) was to restricted fixed asset funds and £1,812,000 (2015 - £1,753,000) was to restricted funds.

**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	141	126
Loss on disposal of fixed assets	1	-
Auditors' remuneration - audit	6	5
Auditors' remuneration - other services	3	2
	<u>151</u>	<u>133</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**9. STAFF COSTS**

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	1,140	1,145
Social security costs	85	77
Operating costs of defined benefit pension schemes	204	195
	<u>1,429</u>	<u>1,417</u>

Included in operating costs of defined benefit pension schemes is a debit of £12,000 relating to the pension deficit actuarial adjustment.

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

	2016 No.	2015 No.
Teachers	19	17
Administration and Support	35	36
Management	5	5
	<u>59</u>	<u>58</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	0

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £298,000 (2015: £271,000).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**10. 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 and expenses 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:

		2016 £000	2015 £000
P A Ayto, Principal	Remuneration	65-70	-
	Pension contributions paid	10-15	-
J E Knowlson, Staff Trustee	Remuneration	50-55	45-50
	Pension contributions paid	5-10	5-10
T Charlton, Staff Trustee	Remuneration	25-30	25-30
	Pension contributions paid	0-5	0-5
C Bond, Staff Trustee	Remuneration	5-10	-
	Pension contributions paid	0-5	-
P Rhatigan	Remuneration	-	50-55
	Pension contributions paid	-	5-10

During the year, no Governors received any benefits in kind (2015 - £NIL).

During the year, travel and subsistence expenses totalling £58 (2015 - £116) were reimbursed to 1 Governor (2015 - 1 Governor)

**11. GOVERNORS' AND OFFICERS' INSURANCE**

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

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

	Long Term Leasehold Property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 September 2015	2,495	173	38	2,706
Additions	6	16	66	88
Disposals	-	-	(20)	(20)
At 31 August 2016	2,501	189	84	2,774
<b>Depreciation</b>				
At 1 September 2015	344	103	28	475
Charge for the year	95	26	20	141
On disposals	-	-	(19)	(19)
At 31 August 2016	439	129	29	597
<b>Net book value</b>				
At 31 August 2016	2,062	60	55	2,177
At 31 August 2015	2,151	70	10	2,231

**13. DEBTORS**

	2016 £000	2015 £000
Trade debtors	1	-
VAT recoverable	8	10
Prepayments and accrued income	40	37
	49	47

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

	2016 £000	2015 £000
Trade creditors	37	31
Other creditors	-	4
Accruals and deferred income	61	69
	98	104



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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. CREDITORS: Amounts falling due within one year (continued)**

	2016 £000	2015 £000
<b>Deferred income</b>		
Deferred income at 1 September 2015	59	53
Resources deferred during the year	52	59
Amounts released from previous years	(59)	(53)
	<u>52</u>	<u>59</u>
Deferred income at 31 August 2016	<u>52</u>	<u>59</u>

Deferred income comprises of Free School Meals income, rates relief received from the EFA and SEN income received from Darlington Borough Council which relates to the year ended 31 August 2017.

**15. FINANCIAL INSTRUMENTS**

	2016 £000	2015 £000
Financial assets measured at amortised cost	<u>41</u>	<u>37</u>
Financial liabilities measured at amortised cost	<u>98</u>	<u>104</u>

Financial assets measured at amortised cost comprises of trade debtors, prepayments and accrued income.

Financial liabilities measured at amortised cost comprises of trade creditors, other creditors, accruals and deferred income.

**16. STATEMENT OF FUNDS**

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
<b>Unrestricted funds</b>						
Unrestricted funds	13	46	(29)	-	-	30
School Fund	16	17	(21)	-	-	12
	<u>29</u>	<u>63</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>42</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

**Restricted funds**

General Annual						
Grant (GAG)	367	1,557	(1,496)	(80)	-	348
Pupil Premium	-	168	(168)	-	-	-
SEN	-	45	(45)	-	-	-
Other DfE/EFA						
Grants	-	72	(72)	-	-	-
Other Government						
Grants	-	4	(4)	-	-	-
Pension reserve	(432)	-	(27)	-	(520)	(979)
	<u>(65)</u>	<u>1,846</u>	<u>(1,812)</u>	<u>(80)</u>	<u>(520)</u>	<u>(631)</u>

**Restricted fixed asset funds**

Legacy assets	1,871	-	(94)	-	-	1,777
Devolved Formula						
Capital	39	9	(4)	-	-	44
Academies Capital						
Maintenance						
Fund	55	-	(4)	-	-	51
Capital expenditure						
from GAG	272	-	(40)	80	-	312
	<u>2,237</u>	<u>9</u>	<u>(142)</u>	<u>80</u>	<u>-</u>	<u>2,184</u>
Total restricted						
funds	<u>2,172</u>	<u>1,855</u>	<u>(1,954)</u>	<u>-</u>	<u>(520)</u>	<u>1,553</u>
Total of funds	<u>2,201</u>	<u>1,918</u>	<u>(2,004)</u>	<u>-</u>	<u>(520)</u>	<u>1,595</u>

**REID STREET PRIMARY SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/EFA income relates to a PE & Sports grant and Free School Meals. These are to be used solely for the provision of sports within the school, including teaching costs relating to PE and for the provision of catering services.

SEN funding is to be spent providing extra support to pupils with special educational needs.

The Pension reserve represents the deficit on the LGPS pension scheme.

The Academies Capital Maintenance Fund and Devolved Formula Capital Fund is restricted to use only on capital expenditure.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	2,177	2,177	2,231
Current assets	42	446	7	495	506
Creditors due within one year	-	(98)	-	(98)	(104)
Provisions for liabilities and charges	-	(979)	-	(979)	(432)
	<u>42</u>	<u>(631)</u>	<u>2,184</u>	<u>1,595</u>	<u>2,201</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

	2016 £000	2015 £000
Net expenditure for the year (as per Statement of financial activities)	(86)	(32)
<b>Adjustment for:</b>		
Depreciation charges	142	126
Dividends, interest and rents from investments	(1)	-
(Increase)/decrease in debtors	(2)	62
Decrease in creditors	(6)	(107)
Capital grants from DfE and other capital income	(9)	(25)
Defined benefit pension scheme	27	31
<b>Net cash provided by operating activities</b>	<u>65</u>	<u>55</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £000	2015 £000
Cash in hand	446	459
<b>Total</b>	<u>446</u>	<u>459</u>

**20. OTHER FINANCE COSTS**

	2016 £000	2015 £000
Expected return on pension scheme assets	35	31
Interest on pension scheme liabilities	(50)	(45)
	<u>(15)</u>	<u>(14)</u>

**21. CAPITAL COMMITMENTS**

At 31 August 2016 the academy had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	<u>33</u>	<u>-</u>

**22. PENSION COMMITMENTS**

The academy'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 Durham County 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 2013.

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

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years 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 will be as at March 2016, 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 £122,000 (2015 - £105,000).

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.

**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 2016 was £92,000 (2015 - £93,000), of which employer's contributions totalled £70,000 (2015 - £71,000) and employees' contributions totalled

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**22. PENSION COMMITMENTS (continued)**

£22,000 (2015 - £22,000). The agreed contribution rates for future years are 16.4% for employers and 5.5%-12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment	2.00 %	2.00 %
Discount rate for scheme liabilities	2.00 %	3.80 %
Inflation assumption (CPI)	2.00 %	2.00 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2016	2015
Retiring today		
Males	22.7	22.6
Females	25.2	25.1
Retiring in 20 years		
Males	24.9	24.8
Females	27.5	27.4

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	491	432
Property	90	54
Government bonds	364	249
Corporate bonds	95	78
Cash	83	67
<b>Total market value of assets</b>	<b>1,123</b>	<b>880</b>

The actual return on scheme assets was £158,000 (2015 - £1,000).

Analysis of pension finance income / (costs) is as follows:

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(82)	(88)
Interest on pension liabilities	(15)	(14)
<b>Pension finance income / (costs)</b>	<b>(97)</b>	<b>(102)</b>

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**22. PENSION COMMITMENTS (continued)**

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

	2016 £000	2015 £000
Opening defined benefit obligation	1,312	1,218
Current service cost	82	88
Interest cost	50	45
Contributions by employees	22	22
Actuarial losses/(gains)	643	(51)
Benefits paid	(7)	(10)
	<hr/>	<hr/>
Closing defined benefit obligation	2,102	1,312
	<hr/>	<hr/>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	880	796
Interest income	35	31
Actuarial gains and (losses)	123	(30)
Contributions by employer	70	71
Contributions by employees	22	22
Benefits paid	(7)	(10)
	<hr/>	<hr/>
Closing fair value of scheme assets	1,123	880
	<hr/>	<hr/>

**23. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust and the composition of the board of trustees 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 trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain Governors' remuneration and expenses already disclosed in note 10.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		2,212	2,201
Total funds reported under FRS 102		<u>2,212</u>	<u>2,201</u>

<b>Reconciliation of net (expenditure)</b>	<b>Notes</b>	31 August 2015 £000
Net expenditure previously reported under UK GAAP		(15)
Change in recognition of LGPS interest cost	A	(17)
Actuarial gains/(losses) brought above the line	B	21
Net movement in funds reported under FRS 102		<u>(11)</u>

Explanation of changes to previously reported funds and net income/expenditure:

**A** Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expenses by £17,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

**B** Actuarial gains/(losses) brought above the line

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.