

Registered number: 07851337

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

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

FRIDAY



A13      \*A6LCX5X4\*      #272  
15/12/2017  
COMPANIES HOUSE

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**CONTENTS**

---

	Page
Reference and Administrative Details	1 - 2
Governors' Report	3 - 16
Governance Statement	17 - 21
Statement on Regularity, Propriety and Compliance	22
Statement of Governors' Responsibilities	23
Independent Auditor's Report on the Financial Statements	24 - 26
Independent Reporting Accountant's Assurance Report on Regularity	27 - 28
Statement of Financial Activities Incorporating Income and Expenditure Account	29
Balance Sheet	30 - 31
Statement of Cash Flows	32
Notes to the Financial Statements	33 - 55

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**Members and Governors** Dr Richard A'Court, Chairman to 31 August 2017<sup>1</sup>  
Mr Philip Clarke<sup>1</sup>  
Mr Adam Campbell, Headteacher and Accounting Officer<sup>1</sup>  
Mrs Fran Sherry, Staff Governor<sup>1</sup>  
Mr Paul McInney  
Mrs Kerry Mercer, Staff Governor (appointed 1 September 2016)  
Mrs Mary Ware (resigned 26 September 2017)  
Ms Laura Gilson  
Mr Jeremy Ramsden  
Mr James Adkins (resigned 18 October 2017)  
Mrs Lyn Palmer (resigned 18 October 2017)<sup>1</sup>  
Mr Wesley Randle (resigned 30 September 2017)  
Mr Gareth Jones, Chairman from 1 September 2017<sup>1</sup>  
Mr Jonathan Wilson  
Mr Jason Hart  
Mrs Angela Morris (resigned 3 November 2016)

<sup>1</sup> Member of the Environment and Finance Committee

**Company registered  
number**

07851337

**Company name**

The Firs Lower School

**Principal and registered  
office**

Station Road  
Amphill  
Bedfordshire  
MK45 2QR

**Company secretary**

Elizabeth Barnicoat

**Chair of Governing Body**

Dr Richard A'Court to 31 August 2017  
Gareth Jones from 1 September 2017

**Senior Leadership  
Team**

Adam Campbell, Headteacher  
Kerry Mercer, Assistant Headteacher  
Sarah Campbell, Teacher and Key Stage 2 Leader  
Helen Tomlinson, Teacher and Special Educational Needs Co-ordinator  
Allison Brady, Teacher and Literacy Leader  
Sue A'Court, School Office Manager  
Celia Bennett, School Business Manager

**Independent auditor**

MHA MacIntyre Hudson  
Chartered Accountants  
Statutory Auditor  
Equipoise House  
Grove Place  
Bedford  
MK40 3LE

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**Advisers (continued)**

<b>Bankers</b>	National Westminster Bank Plc 8 Church Street Amphill Bedfordshire MK45 2ET
----------------	-----------------------------------------------------------------------------------------

<b>Associate Members</b>	Mrs Celia Bennett Mrs Sue A'Court
--------------------------	--------------------------------------

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

The Governors (who are the Trustees and also directors of the charity for the purposes of the Companies Act) have pleasure in presenting their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. 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 ages 5-9 serving a catchment area to the west and south of Ampthill. It has a pupil capacity of 300 and had a roll of 278 in the school census of October 2017.

**Structure, governance and management**

**CONSTITUTION**

The Academy Trust is a charitable company limited by guarantee and an exempt charity. The Academy is a single Academy Trust and these financial statements give the results of the Academy as a single entity. The Academy is incorporated in England & Wales.

The charitable company's Memorandum of Association is the primary governing document of the Academy Trust.

The Governors of The Firs Lower School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Firs Lower School.

The initial Members of the Academy Trust were the subscribers to the Memorandum of Association (and such Members are also Governors). All subsequent Governors are also Members of the Academy Trust under the terms of the Articles of Association. Details of the Governors who served during the year are included in the Reference and administrative details on page 1.

**GOVERNORS' INDEMNITY INSURANCE**

In accordance with normal practice the Academy has purchased insurance to protect the Governors and officers from claims arising from negligent acts, errors or omissions whilst on Academy business. The cover under the policy is £5 million and in the period under review no sums were paid out.

**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.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

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

The Governing Body comprises of up to five parent governors, up to six community Governors, up to four Staff Governors and the Headteacher. Additional Governors can be appointed under Article 62, 62A or 68A of the Articles of Association and further Governors under Article 63 or 68A.

The Community Governors are appointed by the Members of the Academy Trust. The Parent Governors are elected by the parent body of the School. The Staff Governors are elected by the School's staff. The Community Governors are appointed by the Members of the Academy Trust. Community Governors may be re-appointed after the end of their term of office. Individuals may request to join the Governing Body and the Members of the Academy Trust may decide to invite one of these individuals to join should a vacancy arise.

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

All Governors undertake training as appropriate to their work at the School. New Governors will be provided with an induction programme. A log is kept of all Governor training and reviewed on a regular basis at the full Governing Body meetings.

The Governors, who are also the Charity Trustees, are responsible for the overall management and control of the School and meet at least three times a year. The work of reviewing and monitoring most policies is delegated to the members of the Committees as outlined below. They all work under the chairmanship of a Governor appointed at the first committee meeting in each academic year. Terms of reference of these committees are agreed annually at these meetings. The Clerk to the Governors co-ordinates the work of the Governors and their Committees, prepares agendas and papers and reviews matters arising. The Business Manager prepares the accounts on behalf of the Governors.

All Governors give their time to the role freely, no remuneration was paid to Governors, other than Staff Governors, and no expenses were paid in the period.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**ORGANISATIONAL STRUCTURE**

The Governors determine the general policies of the School. The day to day running of the School is delegated to the Headteacher, supported by the Senior Leadership Team. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the Senior Leadership Team. The day to day administration is undertaken within the policies and procedures approved by the Governors. Only significant expenditure decisions and major capital projects should be referred to the Governors for prior approval. The Headteacher is an ex-officio Governor and Accounting Officer and attends all Governing Body meetings as does the Deputy Headteacher. The School Office Manager and the Business Manager are invited to attend Governors' meetings as appropriate.

Associate Governors attend Governors meetings by nature of their role in the Academy but do not have any voting rights and are not full Governors nor therefore directors under the Companies Act, Members of the company or Trustees of the Academy Trust.

**Governors Committee Structure**

Each of the sub-committees can make recommendations that must be endorsed by the Full Governing Board. The Committees and the Full Board meet at least three times per year.

*The Governing Body*

The Governing Body will take a strategic role, act as a critical friend to the School and be accountable for its decisions. It will set the vision and key goals and agree, monitor and review policies, targets and priorities.

The duties of the Governing Body are as follows:

1. The conduct of the school (i.e. ethos, appearance, attitudes, level of parental support etc.) is under the direction of the Governors. The Headteacher is responsible for the internal organisation and management of the school and the Governing Body has ultimate responsibility for the implementation of the curriculum and its delivery.
2. The Governors must try to ensure that the right provision is made for students with special educational needs.
3. The Governors must have a policy on whether and how sex education should be provided at the school.
4. The Governors must decide how the school's delegated budget is spent, and ensure that accurate accounts are kept.
5. The Governors must approve the school's staffing structure. They can recommend dismissal of staff and should set out disciplinary rules and procedures. They can use their discretion over the award of incentive allowances.
6. Discipline: The Governors must approve the school behaviour policy and must hear any appeals by parents against exclusion.
7. The Governors control the use of premises outside school time and should periodically inspect the premises and keep the LEA informed as to the condition and state of repair under the terms of a 125 year lease.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

8. To agree constitutional matters including procedures where the Governing Body has discretion, as follows:
- To recruit new members as vacancies arise and to appoint new governors where appropriate;
  - To hold at least three Governing Body meetings a year;
  - To appoint or remove the Chair and Vice Chair;
  - To appoint or remove a Clerk to the Governing Body;
  - To establish the committees of the Governing Body and their terms of reference;
  - To appoint the Chair of any committee;
  - To appoint or remove a Clerk to each committee;
  - To suspend a Governor;
  - To decide which functions of the Governing Body will be delegated to committees, groups and individuals;
  - To receive reports from any individual or committee to whom a decision has been delegated and to consider whether any further action by the Governing Body is necessary;
  - To provide final approval of the budget plan as recommended by the Environment and Finance sub committee;
  - To review Health and Safety issues and recommendations referred to the Governing Body by the Environment and Finance sub committee;
  - To review the delegation arrangements annually;
  - To agree, by early in the autumn term, the programme of work and calendar of meetings for the Governing Body and its committees for the school year, based on known cycles of school improvement, financial management, staffing issues and communicating with parents;
  - To monitor the progress of work being undertaken by committees and individuals;
  - To consider recommendations made by committees with regard to the working of the Governing Body;
  - To establish and keep under review, the Governing Body 'Protocols' and 'terms of reference';
  - To establish and keep under review arrangements for Governors' visits to school;
  - To oversee arrangements for Governor involvement in formulating and monitoring the School Development Plan, the Ofsted SEF and School Profile;
  - To conduct reviews of the performance of the Governing body using an appropriate 'Governor HealthCheck' process;
  - To make recommendations to the Governing Body to establish working parties where particular circumstances arise e.g. a joint committee to oversee a building project or a special committee to oversee an Ofsted inspection; and
  - To be available and respond to matters of particular difficulty, sensitivity or emergency and offer advice to the Headteacher.

The following Committees are sub-committees of the Governing Body.

*Environment and Finance committee*

- To assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.
- To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

*Staff Pay Committee*

- The Staffing Committee on Pay shall consider and decide upon all matters relating to staff pay as part of the annual review process in accordance with the whole school salary policy agreed by the Governing Body in respect of the following staff: school teachers; NJC Local Government Services Staff; any other staff as determined by the Governing Body.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

*Hearings Committee*

- To make any determination to dismiss any member of staff.
- To make any decisions under the Governing Body's personnel procedures (e.g. disciplinary, grievance, capability) where the Headteacher is the subject of the action.
- To make any decisions relating to any member of staff other than the Headteacher, under the Governing Body's personnel procedures and pay policy.
- To make any determination or decision under the Governing Body's General Complaints Procedure for Parents and others.
- To make any determination or decision under the Governing Body's Curriculum Complaints Procedure, in respect of National Curriculum applications, and the operation of the Governing Body's charging policy.

*Appeals Committee*

- To consider any appeal against a decision to dismiss a member of staff made by the Hearings Committee.
- To consider any appeal against a decision short of dismissal under the Governing Body's personnel procedures (e.g. disciplinary, grievance, capability).
- To consider any appeal against selection for redundancy.
- To consider any appeal against a pay decision.

*Pupil Discipline Committee*

- To consider representations from parents in the case of exclusions of 5 days or less (Committee may not re-instate).
- To consider representations from parents in the case of exclusions totalling more than 5 but not more than 15 school days in one term (meeting to be held between 6th and 15th school days after receiving notice of the exclusion).
- To consider the appropriateness of any permanent exclusion or any exclusion where one or more fixed period exclusions total more than 15 school days in one term or where a pupil is denied the chance to take a public examination (meeting to be held between 6th and 15th school days after receiving notice of the exclusion).

*Curriculum Committee*

- To consider and advise the Governing Body on standards and other matters relating to the school's curriculum, including statutory requirements and the School's Curriculum Policy and Teaching and Learning Policy.
- To consider curricular issues which have implications for Finance and Personnel decisions and to make recommendations to the relevant committees or the Governing Body.
- To ensure that children's enjoyment of lessons is an integral part of all curriculum planning.
- To oversee the analysis annually of test data and pupil assessment and make recommendations to the Governing Body as appropriate.
- To ensure that all curricular improvements required by Ofsted are implemented.
- To review annually the School Prospectus.
- To review annually the School Profile.
- To make arrangements for the Governing Body to be represented at School Improvement discussions with the SIP and for reports to be received by the Governing Body.
- To oversee arrangements for individual Governors to take a leading role in specific areas of provision, e.g. SEND, Literacy, Numeracy and Curriculum Leadership Groups. To receive regular reports from them and advise the Governing Body.
- To oversee arrangements for educational visits, including the appointment of a named co-ordinator (EVC).

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

*HR and Change Committee*

- To draft and review annually the staffing structure, in consultation with the Headteacher and the Environment and Finance Committee.
- To oversee the selection and appointment procedure for all staff.
- To oversee and review termly, the school's safeguarding procedures, including the implementation of the Child Protection and Safer Recruiting policies.
- To establish and review a Performance Management policy for all staff.
- To oversee the process leading to staff reductions.
- To keep under review staff work/life balance, working conditions and well-being, including the monitoring of absence.
- To make recommendations on personnel related expenditure to the Environment and Finance Committee.
- To ensure that DfE regulatory and guidance documents are implemented appropriately in the school, with specific reference to the role assigned to the Governing Body.

*Headteacher's Performance Review group*

- To arrange to meet with the External Adviser / School Improvement Partner to discuss the Headteacher's performance targets.
- To decide, with the support of the External Adviser / School Improvement Partner, whether the targets have been met and to set new targets annually.
- To monitor through the year the performance of the Headteacher against the targets.
- To make recommendations to the Environment and Finance Committee in respect of awards for the successful meeting of targets set.

**PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

The Governors of the Academy do not receive any remuneration in respect of their roles as Governors. Staff Governors are only remunerated as a result of their employment by the Academy Trust.

The Academy follows Bedford Borough's Pay Policy for support staff following national NJC and Senior Management pay grades and terms and conditions. For teachers and senior leaders the Academy follows the national pay scales and progression/increment policy linked to performance management.

Performance reviews are carried out by Adam Campbell, Headteacher and Kerry Mercer, Assistant Headteacher. Any changes in pay as a result of these reviews go to the HR and Change Committee. The Headteacher's performance is reviewed by the School Improvement Partner and recommendations are made by them to the Chair of Governors and presented to the HR and Change Committee.

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

None to disclose.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**Objectives and Activities**

**OBJECTS AND AIMS**

The Firs Lower School's objects are specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

To promote for the benefit of the inhabitants of Ampthill and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social welfare and with the object of improving the condition of life of the said inhabitants.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The School has identified the following key development areas:

- 1. Improving pupil progress in literacy and numeracy**
  - To increase the pace of learning in reading in KS1 RWI.
  - To enhance development of writing skills throughout the school.
  - To improve the teaching of basic skills / concepts further in numeracy, to develop fluency.
- 2. Ensuring consistently outstanding behaviour across the school**
  - To ensure all staff are using RWI / Pivotal approaches for behaviour management.
- 3. Successfully Developing 'The Saplings' Preschool**
  - To successfully open The Saplings Playgroup.
  - Successful provision established on existing site.
  - New building completed successfully on schedule.
- 4. Maintaining high standards including support for vulnerable pupils**
  - To ensure key aspects of the Expected Practice guide are implemented consistently.
  - To enhance the provision for Disadvantaged pupils and those with SEND.

**PUBLIC BENEFIT**

In setting the Academy's objectives and planning its activities, the Governing Body have given careful consideration to the Charity Commission's general guidance on public benefit. The Academy Trust's object is specifically restricted to the following:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, continuing, managing and developing a school offering a broad and balanced curriculum.
- To promote for the benefit of the inhabitants of Ampthill and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social welfare and with the object of improving the condition of life of the said inhabitants.

---

**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

---

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

---

**STRATEGIC REPORT**

**Achievements and performance**

**REVIEW OF ACTIVITIES**

1. The school data pointed to an overall 'good' judgment as at the end of YR; children have been, over the last three years, above average expectations. They make good progress in KS1 and attainment in Year 2 was significantly higher than the previous year, with children performing above / well above expectations. Children have continued to make good progress in KS2 with attainment at the end of Year 4 over the last five years, being significantly above national expectations / LA figures.
2. The continuing development of our 'Read Write Inc.' early literacy scheme is providing a structured programme and high quality staff development that is helping to improve standards further. Through rigorous monitoring involving an outside RWI consultant, we have further enhanced our delivery of the programme this year (although we have identified improvements we need to make to further accelerate children's progress) and the pass rate in the Y1 phonics test, which rose by 13% to 88% in 2016, (7% above national 2016), increased further in 16/17 to 89%.
3. Data is used to set challenging targets. Teachers have a very good understanding of where children are and how to move them on. Thus match to target is very good. LA moderation visits in Y2 and Y4 (13-14), YR (14-15) and Y2 (15-16) indicated that teachers' judgments are accurate and firmly based on a sound evidence base.
4. Teaching assistants were deployed very effectively.
5. Children are generally very engaged and very well-motivated.
6. The school has strong values which result in very positive attitudes to learning.
7. Children's behaviour was very good in all the lessons observed.
8. Engaging and effective approaches to questioning motivate and develop thinking.
9. Lessons are well prepared and the pace of learning remains good throughout sessions.
10. Children of all abilities were afforded appropriate support and challenge, so that they were able to access tasks at a range of levels.
11. Work across the school was all marked and marking followed the agreed policy. There was generally good consistency across year groups and marking gave children good developmental feedback.
12. There was good evidence in the books of progress over time.

This evaluation was confirmed by a Section 8 Ofsted inspection on 13 September 2017 which concluded that the school continues to be good. The report stated that 'The leadership team has maintained the good quality of education in the school since the last inspection.' It also adds 'Pupils make a considerable contribution to the success of the school in the way that they work hard, behave well and support each other. They respect others, and have positive attitudes to their learning.' The report states that 'planning for improvement is sharply targeted on the right priorities' and pupils are 'making good progress across the school'.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**GOING CONCERN**

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

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**Financial Review**

**FINANCIAL REPORT FOR THE PERIOD**

The Academy had a satisfactory financial period to 31 August 2017, with total income of £1,300,659 and expenditure of £1,318,942 and a net deficit of £18,283. There is a deficit arising on the restricted funds amounting to £79,642 but this includes pension adjustments of £63,000 arising from the LGPS pension actuarial valuation. The remaining in year deficit of £16,642 is a result of spending brought forward revenue reserves.

Most of the Academy Trust's income is obtained from the Department of Education via the Education and Skills Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department of Education during the period ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities and the grants received are detailed in note 5 to the financial statements.

Any surplus funds are swept nightly into a Liquidity Select bank account earning interest. No further Investment activities are undertaken.

Throughout the year there were a number of areas that the Governors considered/ratified, as follows:

- The award of the CIF building project tender to Sodens.
- The School submitted a "Significant Change to an open Academy" to the ESFA to change the age from 4-9 to 2-9 so that the school could open a preschool following the closure of Jack and Jill Amphill preschool on 31 August 2017. A subsequent deed of variation was received from the ESFA allowing this to proceed.
- Continued review of the Finance Risk Assessment and the overall risk register.
- The school retendered its School Meals Catering Contract following the withdrawal of the present supplier who was unable to continue on a nil cost basis. The school appointed Caterlink to provide this service.
- Kids Club charges were reviewed and increased.
- The school undertook a Health and Safety Audit by an outside consultant and the governors received the action plan and agreed to its implementation.

The CIF funded project to replace the temporary classroom with a permanent building with the aim of providing two purpose built classrooms creating a more cohesive Year 3 area was completed in the year. Work commenced in June 2016 and was completed by February 2017. This detailed project was reviewed at each stage by the Environment and Finance Committee.

The total project cost of £290k was funded by £112k CIF funding (£20k of this is a loan that the school will pay back over 2 years starting in September 2017), £30k from Central Bedfordshire Council, £13k from fund raising, £5k from Bedfordshire Education Trust, £14.5k from the PTA, £19.5k from Devolved Formula Capital and £96k from revenue surplus.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

The implementation of Read Write Inc (RWI) and Pivotal Behaviour Training has continued to require a commitment by the Academy from both a personnel usage and training point of view as well as the resources required.

The Academy continues to benefit from a reduced pension contribution level due to an inclusive insurance policy provided by the payroll provider (Bedford Borough Council) to protect against possible ill health retirement liabilities.

The Responsible Officer was secured this year and two reports were provided to the Governors as an independent review of internal controls and procedures.

A number of policies have been reviewed and updated throughout the year including. Child Protection, Teaching and Learning, Admissions, Attendance, Anti Bullying, Salary, Intimate Care, Complaints, Health and Safety, Home School Agreement, Finance Risk Assessment and the staff Code of Conduct.

The final forecast for the year ended 31 August 2017 was reviewed in detail within the Environment and Finance Committee on 22 June 2017, along with the first review of the 2017/18 budget (together with the three year plan). These were discussed and agreed before submission.

#### **RESERVES POLICY**

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. This applies particularly to funds earmarked for future capital projects. The level of reserves will be kept under review by the Governors.

The Governors have the reserves policy as a standing item within the Environment and Finance Committee.

Reserves at the end of the period 31 August 2017 were £1,771,079 comprising £22,168 of restricted general funds, £25,029 of unrestricted general funds, £1,970,882 of restricted fixed asset fund and a pension reserve deficit of £247,000.

The deficit on the pension scheme relates to the non-teaching staff pension scheme (Local Government Pension Scheme) where, unlike the teachers scheme, the deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

The restricted funds will be spent in accordance with the terms of the particular grants or funding received. Unrestricted funds are for use of the general purpose of the Academy and future capital projects, at the discretion of the Governors.

#### **INVESTMENT POLICY**

The School's Investment Strategy is:

1. Regularly monitor cash flow and current/fund account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the accounts have adequate balances to meet forthcoming commitments.
2. Funds surplus to immediate cash requirements (set at £10k) are transferred nightly to the School's liquidity deposit account bearing a higher interest rate.
3. Periodically review interest rates and compare with other investment opportunities.
4. The School's current policy is to only invest funds in risk free and immediately accessible deposit accounts.

Any change in policy requires the approval of Governors via the Environment and Finance Committee.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors conduct an annual review of the major financial risks to which the Academy Trust is exposed.

The Governors are responsible for the overseeing of the financial risks faced by the School. Detailed considerations of risk are delegated to the Headteacher and School Business Manager. Risks were identified, assessed and controls established throughout the period with three reviews being submitted to the Environment and Finance Committee on 20 October 2016, 1 February 2017 and 22 June 2017. The Governors were satisfied that the actions agreed to mitigate these risks gave assurance that they could be adequately managed.

The major financial risks identified by the Trust for over the period September 2016 to August 2017 were:

- Capital Classroom project risk that building project exceeds budget.
- Capital Build for Preschool Risk that bid is unsuccessful.
- Increase in Teachers' Pensions Contributions impact the budget - risk reduced.
- Increase in NI Contributions impact the budget – risk reduced.
- LGPS Employers contribution risk of higher premiums from 2016.
- Preschool to be opened on site. Risks regarding financial implications legal and accountancy costs.
- LGPS Funding risk - risk that deficit increases - waiting for confirmation.
- Risk that budget for subsequent years will be in severe deficit.
- LGPS Employers contributions are increasing over the next 3 years with consequential budget impact.
- LGPS Risk that scheme is in significant deficit continues.
- Preschool Risk Costs of legal fees and accountancy fees have to be found and the consequential budget implications.
- Preschool Risk of delay in securing capital funds resulting in the build being delayed.

Risk is managed under the headings of strategic and reputational risks, operational risks, compliance risks and financial risks as recommended by the DfE's Academy Financial Handbook. Through the risk management processes that are formalised by the School, the Governors are satisfied that the major finance risks identified will be adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks will be adequately managed.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial risks the Academy faces are mitigated by the fact that they relate largely to bank balances, cash and trade creditors, with limited trade (and other) debtors. The exception is the Pension Scheme for Local Government Employees which has a current shortfall of £247,000 which the Academy is making up over 7 years. This amount is booked as a liability in these financial statements.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**Plans for future periods**

**FUTURE DEVELOPMENTS**

The Governors intend to continue their current strategies of improving the School's reputation by aiming to provide outstanding education for all students. Achieving high standards in academic results is a constant aim whilst maintaining the breadth and depth of the wider curriculum, to develop the whole child. The Headteacher and Senior Leadership Team continue to review the curriculum and standards in teaching and learning, to ensure that the education provided remains appropriate for our students' development.

Our future plans are financed from income direct from the ESFA, related to student numbers and other lump-sum factors. Governors will ensure funding is invested appropriately for the next generation of students as they have done in the past for current students. Maintaining, and where necessary, developing the fabric of the facilities of the School are central to our strategy and this will be one of the ongoing focuses for the forthcoming year.

As the school was successful in its bid to replace the temporary classroom with two new classrooms, it can begin to realise the requirements to enhance our provision with the addition of a library and increase the amount of group space available. The School has embarked on a project in 2017/18 to work in partnership with Central Bedfordshire Council to build a new 40 place Preschool on site, to house the new Firs Saplings Preschool.

The school has also included in its buildings and infrastructure plan a long term goal to change the front office and reception facilities, to improve security/safety and provide adequate school office/medical room accommodation.

**FUNDS HELD AS CUSTODIAN**

No such funds are held by The Firs Lower School.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**DISCLOSURE OF INFORMATION TO AUDITOR**

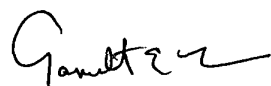
In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

**AUDITOR**

The auditor, MHA MacIntyre Hudson, has indicated its willingness to continue in office. The Governors will propose a motion re-appointing the auditor at a meeting of the Governors.

The Governors' Report was approved by order of the Governing Body, as the company directors, on 30/11/17 and signed on its behalf by:

  
.....  
**Mr Gareth Jones**  
Chair of Governing Body

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Firs Lower School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

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

Governor	Meetings attended	Out of a possible
Dr Richard A'Court (Chairman), Chairman to 31 August 2017	5	6
Mr Philip Clarke	5	6
Mr Adam Campbell (Headteacher and Accounting Officer)	6	6
Mrs Fran Sherry	5	6
Mr Paul McInney	5	6
Mrs Kerry Mercer, Staff Governor	4	6
Mrs Mary Ware	4	6
Ms Laura Gilson	5	6
Mr Jeremy Ramsden	4	6
Mr James Adkins	0	6
Mrs Lyn Palmer	6	6
Mr Wesley Randle	1	6
Mr Gareth Jones, Chairman from 1 September 2017	4	6
Mr Jonathan Wilson	6	6
Mr Jason Hart	6	6

Mrs C Bennett and Mrs S A'Court also attended 5 of the 6 meetings in their roles as Associate Members.

There have been no particular challenges for the Governing Body in the period under consideration.

**Governance reviews:**

The school had an Ofsted Inspection on 13 September 2017. The school continues to be rated as "Good". The report outlined the following next steps for the School Leadership to ensure:

- the attainment of boys in writing in key stage1 improves;
- the quality of pupils' work in science improves so that it is of the same quality as that in English and mathematics.

The committee reviews the "must haves" on an annual basis and reviews the risk register twice a year.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

---

The Governors undertook a Governing Body Health Check using a check list as a process of self evaluation.

The Environment and Finance Committee is a sub-committee of the main Governing Body. Its purpose is to:

- Assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.
- Make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs Lyn Palmer (Chair)	6	6
Dr Richard A'Court	6	6
Mr Adam Campbell (Headteacher)	6	6
Mrs Fran Sherry (Staff Governor)	4	6
Mr Philip Clarke	4	6
Mr Gareth Jones	4	6

Mrs Palmer has continued in her role as Chair of the Environment and Finance Committee in 2016-17. Mrs C Bennett also attended all of the above meetings in her role as School Business Manager.

During the course of the year the Environment and Finance committee reviewed all the monthly finance reports against budget and cash flow statements. The finance risk register was reviewed and discussed in full at Committee meetings on 20 October 2016, 1 February 2017 and 22 June 2017. The main risks that were monitored during the year were the capital build, the impact on the budget of increased NI contributions and the acquisition of Jack and Jill Preschool from 1 September 2017.

#### **REVIEW OF VALUE FOR MONEY**

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

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

- The Governing Body is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plan. Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will support the school's efforts to continuously improve standards achieved and services provided.
- Governors and school leaders have adhered to the purchasing procedures which are laid down in The Firs Lower School Finance Manual. Goods and services have been obtained which provide "value for money" in terms of the school purchasing what it needs in the correct quantity, the appropriate quality and at the time the best price possible.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

---

- In the year 2016-17 the school undertook a major capital project funded by a CIF bid and revenue surplus. The contract for this project was tendered for and ratified in 2016 but it was the responsibility of the committee to monitor the expenditure and progress of the contract. The build took longer than initially planned due in part to the requirement to build a longer retaining wall and an issue with drainage due to the lie of the land once the site was cleared. This delay did add costs to the project which were negotiated to a total of £14k above the original price which was considerably less than the contractor had requested.
- In March the school decided to retender its school meals contract after the present contractor, Harrisons, stated that it could no longer run a nil cost option. Harrisons requested a subsidy of £10k per annum. As the school had gone through a detailed tendering of this service only 2 years previously, and time scales were tight, it was agreed that all previously applicants, with the exception of Cambridge County Council, would be asked to resubmit cost options for providing the service. In addition Luton Borough Council were also approached as they were recommended by local users. Only Caterlink and Luton Borough Council were able to offer the school a nil cost contract. It was decided to go with Caterlink as they had a wider resource base for labour to cover absence and sickness and a more professional approach to training and support.
- The Governors reviewed its letting Fees and Kids Club Charges. The schools charges were bench marked against a number of local providers and it was decided to leave the lettings fees at the existing level and increase Kids Club Charges.
- The school reviewed its charging and remissions policy and agreed to make it clear that the residential trip was outside the voluntary contributions remit and the school is not obliged to include pupils where parents/carers have not made any payment for this.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Firs Lower School for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

---

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

The Governing Body appointed Mr Barry Farbon to undertake a review of the Academy's finance procedures as an interim measure until a more long term arrangement could be made. In the early part of 2017 Mrs Elizabeth Owen, a former governor at The Firs Lower School and Chair of the Finance committee, agreed to undertake the role of Responsible Officer.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of income system
- Testing of payroll system
- Testing of bank accounts/ reconciliations/ petty cash
- Testing of purchasing system & review of contracts
- Review of risk register
- Review of VAT control account
- Review of monthly management accounts

On a semi-annual basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

---

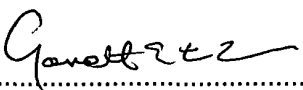
**REVIEW OF EFFECTIVENESS**


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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Environment and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 30/11/17 and signed on their behalf, by:

  
.....  
**Mr Gareth Jones**  
**Chair of Governing Body**

  
.....  
**Mr Adam Campbell**  
**Accounting Officer**

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

As Accounting Officer of The Firs Lower School I have considered my responsibility to notify the academy trust Governing Body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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



**Mr Adam Campbell**  
**Accounting Officer**

Date: 30th November 2017

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

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

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

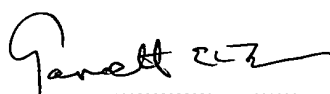
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 operation.

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

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

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

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



.....  
**Mr Gareth Jones**  
Chair of Governing Body

Date: 30/11/17

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE FIRS LOWER SCHOOL**

---

**OPINION**

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
FIRS LOWER SCHOOL**

---

**OTHER INFORMATION**

The Governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*In preparing the financial statements, the Governors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going*

---

**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
FIRS LOWER SCHOOL**

---

concern basis of accounting unless the Governors either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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



Atul Kariya FCCA (Senior Statutory Auditor)  
for and on behalf of  
**MHA MacIntyre Hudson**  
Chartered Accountants  
Statutory Auditor  
Equipoise House  
Grove Place  
Bedford  
MK40 3LE

Date: *13 December 2017*

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE FIRS  
LOWER SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 30 August 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Firs Lower School during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Firs Lower School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Firs Lower School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Firs Lower School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE FIRS LOWER SCHOOL'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Firs Lower School's funding agreement with the Secretary of State for Education dated January 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE FIRS  
LOWER SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

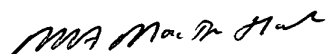
---

The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy
- testing of a sample of payroll payments to staff
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of grants received and other income streams
- evaluating the internal control procedures and reporting lines, testing as appropriate and making appropriate enquiries of the Accounting Officer.

**CONCLUSION**

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



Reporting Accountant

**MHA MacIntyre Hudson**  
Chartered Accountants

Equipoise House  
Grove Place  
Bedford  
MK40 3LE

Date: 13 December 2017

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset fund 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	7,874	54,236	62,110	117,917
Charitable activities:	5					
Educational operations		-	1,170,802	-	1,170,802	1,181,507
Other trading activities	3	67,649	-	-	67,649	62,497
Investments	4	98	-	-	98	260
<b>TOTAL INCOME</b>		<b>67,747</b>	<b>1,178,676</b>	<b>54,236</b>	<b>1,300,659</b>	<b>1,362,181</b>
<b>EXPENDITURE ON:</b>						
Educational operations		1,520	1,230,431	43,411	1,275,362	1,280,637
Other expenditure	8	43,580	-	-	43,580	43,107
<b>TOTAL EXPENDITURE</b>	6	<b>45,100</b>	<b>1,230,431</b>	<b>43,411</b>	<b>1,318,942</b>	<b>1,323,744</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	22,647 (83,420)	(51,755) (27,887)	10,825 111,307	(18,283) -	38,437 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(60,773)	(79,642)	122,132	(18,283)	38,437
Actuarial gains/(losses) on defined benefit pension schemes	24	-	196,000	-	196,000	(175,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(60,773)</b>	<b>116,358</b>	<b>122,132</b>	<b>177,717</b>	<b>(136,563)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		85,802	(341,190)	1,848,750	1,593,362	1,729,925
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>25,029</b>	<b>(224,832)</b>	<b>1,970,882</b>	<b>1,771,079</b>	<b>1,593,362</b>

The notes on pages 33 to 55 form part of these financial statements.

THE FIRS LOWER SCHOOL  
(A Company Limited by Guarantee)  
REGISTERED NUMBER: 07851337

BALANCE SHEET  
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		1,990,882		1,790,162
<b>CURRENT ASSETS</b>					
Debtors	14	35,494		46,543	
Cash at bank and in hand		106,954		269,991	
		<u>142,448</u>		<u>316,534</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(105,358)</u>		<u>(113,334)</u>	
<b>NET CURRENT ASSETS</b>			<u>37,090</u>		<u>203,200</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,027,972</u>		<u>1,993,362</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16		<u>(9,893)</u>		<u>(20,000)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>2,018,079</u>		<u>1,973,362</u>
Defined benefit pension scheme liability	24		<u>(247,000)</u>		<u>(380,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>1,771,079</u></u>		<u><u>1,593,362</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	22,168		38,810	
Restricted fixed asset fund	17	<u>1,970,882</u>		<u>1,848,750</u>	
Restricted income funds excluding pension liability		<u>1,993,050</u>		<u>1,887,560</u>	
Pension reserve		<u>(247,000)</u>		<u>(380,000)</u>	
Total restricted income funds			<u>1,746,050</u>		<u>1,507,560</u>
Unrestricted income funds	17		<u>25,029</u>		<u>85,802</u>
<b>TOTAL FUNDS</b>			<u><u>1,771,079</u></u>		<u><u>1,593,362</u></u>

---

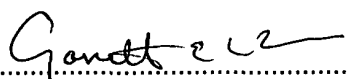
**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

---

**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2017**

---

The financial statements on pages 29 to 55 were approved by the Governors, and authorised for issue, on 30/11/17 and are signed on their behalf, by:

  
.....  
**Mr Gareth Jones**  
Chair of Governing Body

The notes on pages 33 to 55 form part of these financial statements.

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

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

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<b>73,733</b>	65,879
<b>Cash flows from investing activities:</b>			
Interest from investments		<b>98</b>	260
Purchase of tangible fixed assets		<b>(244,131)</b>	(57,551)
Capital grants from DfE/ESFA		<b>7,263</b>	99,669
<b>Net cash (used in)/provided by investing activities</b>		<b>(236,770)</b>	42,378
<b>Change in cash and cash equivalents in the year</b>		<b>(163,037)</b>	108,257
Cash and cash equivalents brought forward		<b>269,991</b>	161,734
<b>Cash and cash equivalents carried forward</b>	20	<b>106,954</b>	269,991

The notes on pages 33 to 55 form part of these financial statements.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

The Firs Lower School constitutes a public benefit entity as defined by FRS 102.

*The financial statements are prepared in sterling, the functional currency, rounded to the nearest £1.*

It is a company limited by guarantee, incorporated in England. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Academy Trust's operations and principal activity are detailed in the Governors' Report.

**1.2 Going concern**

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

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities incorporating Income and Expenditure Account when the Academy Trust has entitlement to the funds, probability of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the Academy Trust being notified of an impending distribution or the legacy being received.

***Grants Receivable***

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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***

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

***Other Income***

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

***Donated Services and Gifts in Kind***

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities incorporating Income and Expenditure Account, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

***Costs of generating funds***

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

***Charitable activities***

These are costs incurred in the Academy Trust's educational operations.

All resources expended are inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold land	-	over the term of the 125 year lease
Leasehold buildings	-	over 50 years on a straight line basis
Computers and Equipment	-	25% per annum on a straight line basis
Building improvements	-	2-5% per annum on a straight line basis

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

Land is depreciated as held under a long term lease.

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

---

1. ACCOUNTING POLICIES (continued)

1.6 Operating leases

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

1.7 Interest receivable

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

1.8 Taxation

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

1.9 Debtors

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

1.10 Cash at bank and in hand

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

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.12 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.13 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

---

**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

---

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.14 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from Education Funding Agency, Department for Education or other funders.

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

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

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

**Critical accounting estimates and assumptions:**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Critical areas of judgment:**

The judgments that have had a significant effect on amounts recognised in the Financial Statements are those concerning the choice of depreciation policies and asset lives.

**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

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

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset fund 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	7,874	46,973	54,847	18,248
Capital Grants	-	-	7,263	7,263	99,669
	-	7,874	54,236	62,110	117,917
<i>Total 2016</i>	-	7,204	110,713	117,917	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Rental income	6,313	-	6,313	5,683
School clubs	58,282	-	58,282	54,417
Other income	3,054	-	3,054	2,397
	67,649	-	67,649	62,497
<i>Total 2016</i>	62,497	-	62,497	

**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	98	-	98	260
<i>Total 2016</i>	260	-	260	

THE FIRS LOWER SCHOOL  
(A Company Limited by Guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,045,882	1,045,882	1,056,506
Pupil Premium	-	29,248	29,248	32,606
Other DfE/ESFA grants	-	59,018	59,018	60,319
	-	1,134,148	1,134,148	1,149,431
<b>Other government grants</b>				
Other government grants	-	15,915	15,915	16,871
	-	15,915	15,915	16,871
<b>Other funding</b>				
Trip income	-	17,476	17,476	14,655
Other income	-	3,263	3,263	550
	-	20,739	20,739	15,205
	-	1,170,802	1,170,802	1,181,507
<i>Total 2016</i>	-	1,181,507	1,181,507	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
<b>Educational operations:</b>					
Direct costs	818,693	-	67,228	885,921	897,451
Support costs	140,518	43,411	205,512	389,441	383,186
	959,211	43,411	272,740	1,275,362	1,280,637
<i>Total 2016</i>	967,083	42,894	270,660	1,280,637	

In 2017, of the total expenditure, £1,520 (2016 - £4,529) was from unrestricted funds, £1,230,431 (2016 - £1,233,214) from restricted general funds and £43,411 (2016 - £42,894) from restricted fixed asset funds.

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

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

**7. CHARITABLE ACTIVITIES**

	Total funds 2017 £	Total funds 2016 £
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	625,214	654,607
National insurance	42,020	40,431
Pension cost	151,459	131,963
Educational supplies	25,595	33,359
Staff Development	11,337	6,130
Bought in professional services	4,429	5,228
Educational trips & visits	17,752	16,596
Other costs	8,115	9,137
	<u>885,921</u>	<u>897,451</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	111,533	109,850
National insurance	8,302	6,771
Pension cost	20,683	19,461
Depreciation	43,411	42,894
Defined benefit pension scheme - net finance cost	9,000	7,000
Bought in professional services	23,683	21,415
Operating lease rentals	10,116	9,799
Maintenance of premises & equipment	30,770	37,924
Cleaning	11,968	6,726
Rates and water	7,403	8,767
Heat and light	10,532	12,741
Insurance	6,140	7,637
Catering	51,752	51,845
Security & transport	1,955	2,749
Other support costs	28,093	24,592
Governance costs	14,100	13,015
	<u>389,441</u>	<u>383,186</u>
	<u><u>1,275,362</u></u>	<u><u>1,280,637</u></u>

THE FIRS LOWER SCHOOL  
(A Company Limited by Guarantee)

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

8. OTHER EXPENDITURE

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
School clubs - costs	4,260	4,260	4,874
School shop costs	2,075	2,075	1,702
School clubs - wages and salaries	30,941	30,941	30,627
School clubs - NI	1,276	1,276	1,073
School clubs - pension costs	5,028	5,028	4,831
	<u>43,580</u>	<u>43,580</u>	<u>43,107</u>
<i>Total 2016</i>	<u>43,107</u>	<u>43,107</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	43,411	42,894
Auditor's remuneration - audit	6,300	6,100
Auditor's remuneration - other services	4,500	3,690
Operating lease rentals	<u>9,799</u>	<u>9,799</u>

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

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

**10. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	754,312	782,735
Social security costs	51,598	48,276
Operating costs of defined benefit pension schemes	177,170	156,255
	<u>983,080</u>	<u>987,266</u>
Supply teacher costs	13,376	12,349
	<u>996,456</u>	<u>999,615</u>

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

	2017 No.	2016 No.
Teachers	11	11
Administration and support	45	41
Management	7	6
	<u>63</u>	<u>58</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1

The above bandings state employee emoluments before employer's pension contributions and show annualised equivalent of the pay during the period.

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for this staff member amounted to £10,407 (2016: £10,303).

The Key Management Personnel of the Academy comprise the Governors and the Senior Leadership team as listed on page 1. The total amount of employee benefits (including employer's pension contributions) received by Key Management Personnel for their services to the Academy was £376,745 (2016: £353,033).

---

**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

---

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

---

**11. GOVERNORS' REMUNERATION AND EXPENSES**

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

Mr Adam Campbell (Headteacher):

Remuneration	£60,000 - £65,000 (2016: £60,000 - £65,000)
Employer's pension contributions	£10,000 - £15,000 (2016: £10,000 - £15,000)

Mrs Fran Sherry (Staff Governor):

Remuneration	£10,000 - £15,000 (2016: £15,000 - £20,000)
Employer's pension contributions	£0,000 - £5,000 (2016: £0,000 - £5,000)

Mrs Kerry Mercer (Staff Governor):

Remuneration	£35,000 - £40,000 (appointed 1 September 2016)
Employer's pension contributions	£5,000 - £10,000 (appointed 1 September 2016)

Mrs Mary Ware (Staff Governor):

Remuneration	£10,000 - £15,000 (2016: £5,000 - £10,000)
Employer's pension contributions	£0,000 - £5,000 (2016: £0,000 - £5,000)

During the year, no Governors received any reimbursement of expenses (2016 - £NIL).

**12. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5 million on any one claim and the cost for the year ended 31 August 2017 is not separately identified but is included in the total insurance cost of £6,140 (2016: £7,637) paid under the Department of Education's Risk Protection Arrangement ("RPA"). The RPA is not an insurance scheme but a mechanism through which the cost of risks that materialise are covered by government funds.

**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

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

**13. TANGIBLE FIXED ASSETS**

	Leasehold Land and Buildings £	Computers and Equipment £	Building Improve- ments £	Total £
<b>Cost</b>				
At 1 September 2016	1,647,551	23,982	292,399	1,963,932
Additions	232,439	10,478	1,214	244,131
At 31 August 2017	1,879,990	34,460	293,613	2,208,063
<b>Depreciation</b>				
At 1 September 2016	131,040	13,896	28,834	173,770
Charge for the year	28,080	6,483	8,848	43,411
At 31 August 2017	159,120	20,379	37,682	217,181
<b>Net book value</b>				
At 31 August 2017	1,720,870	14,081	255,931	1,990,882
At 31 August 2016	1,516,511	10,086	263,565	1,790,162

The leasehold property is held under a 125 year lease from Central Bedfordshire Council ending 31 December 2136. No rent is payable under the terms of the lease.

Additions to property in 2017 included £232,439 improvements to the leasehold property in connection with the CIF funding received.

**14. DEBTORS**

	2017 £	2016 £
VAT recoverable	10,681	9,110
Prepayments and accrued income	24,813	37,433
	<b>35,494</b>	<b>46,543</b>

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

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

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

	2017 £	2016 £
Other loans (note 16)	10,107	-
Trade creditors	469	502
Other creditors	32,896	25,792
Accruals and deferred income	61,886	87,040
	<u>105,358</u>	<u>113,334</u>

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	29,826	35,561
Resources deferred during the year	32,461	29,826
Amounts released from previous years	(29,826)	(35,561)
Deferred income at 31 August 2017	<u>32,461</u>	<u>29,826</u>

At the balance sheet date the Academy was holding funds received in advance for the following purposes: Universal Free School Meals funding of £29,061 (2016: £29,826) and CBC Capital income re the Preschool of £3,400 (2016: £nil).

**16. CREDITORS: Amounts falling due after more than one year**

	2017 £	2016 £
Other loans	<u>9,893</u>	<u>20,000</u>

The other loans relate to the CIF funding agreement. Monthly repayments commenced in September 2017 over a period of 2 years and interest is being charged at a rate of 1.48%.

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

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

**17. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General unrestricted funds	85,802	67,747	(45,100)	(83,420)	-	25,029
<b>Restricted funds</b>						
General Annual Grant (GAG)	7,350	1,045,882	(1,028,972)	(11,691)	-	12,569
Other restricted funds	31,460	132,794	(138,459)	(16,196)	-	9,599
Pension reserve	(380,000)	-	(63,000)	-	196,000	(247,000)
	(341,190)	1,178,676	(1,230,431)	(27,887)	196,000	(224,832)
<b>Restricted fixed asset fund</b>						
Fixed asset funds	1,848,750	54,236	(43,411)	111,307	-	1,970,882
Total restricted funds	1,507,560	1,232,912	(1,273,842)	83,420	196,000	1,746,050
Total of funds	1,593,362	1,300,659	(1,318,942)	-	196,000	1,771,079

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General unrestricted funds	70,681	62,757	(47,636)	-	-	85,802
	70,681	62,757	(47,636)	-	-	85,802
<b>Restricted funds</b>						
General Annual Grant (GAG)	2,343	1,056,505	(1,051,498)	-	-	7,350
Other restricted funds	45,970	132,206	(146,716)	-	-	31,460
Pension reserve	(170,000)	-	(35,000)	-	(175,000)	(380,000)
	(121,687)	1,188,711	(1,233,214)	-	(175,000)	(341,190)

**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

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

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

**Restricted fixed asset fund**

Fixed asset funds	1,780,931	110,713	(42,894)	-	-	1,848,750
	<u>1,780,931</u>	<u>110,713</u>	<u>(42,894)</u>	<u>-</u>	<u>-</u>	<u>1,848,750</u>
Total restricted funds	<u>1,659,244</u>	<u>1,299,424</u>	<u>(1,276,108)</u>	<u>-</u>	<u>(175,000)</u>	<u>1,507,560</u>
Total of funds	<u>1,729,925</u>	<u>1,362,181</u>	<u>(1,323,744)</u>	<u>-</u>	<u>(175,000)</u>	<u>1,593,362</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes items such as school trips and clubs for which income received is used to cover costs in association with these activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme. The fund is in deficit, but given the nature of the liability this is not payable immediately.

The restricted fixed asset fund was funded predominantly by the funds inherited on conversion from the Central Bedfordshire local authority following the transfer of the land and buildings. The fund represents the net book value of capitalised fixed assets, unspent capital funds and loans for capital projects.

The transfers between the restricted funds, unrestricted funds and restricted fixed asset funds includes £111,307 in respect of amounts capitalised during the year.

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset fund 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	1,990,882	1,990,882
Current assets	25,029	117,419	-	142,448
Creditors due within one year	-	(95,251)	(10,107)	(105,358)
Creditors due in more than one year	-	-	(9,893)	(9,893)
Pension liability	-	(247,000)	-	(247,000)
	<u>25,029</u>	<u>(224,832)</u>	<u>1,970,882</u>	<u>1,771,079</u>

**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

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

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

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

	Unrestricted funds	Restricted funds	Restricted fixed asset fund	Total funds
	2016 £	2016 £	2016 £	2016 £
Tangible fixed assets	-	-	1,790,162	1,790,162
Current assets	85,802	172,144	58,588	316,534
Creditors due within one year	-	(113,334)	-	(113,334)
Creditors due in more than one year	-	(20,000)	-	(20,000)
Pension liability	-	(380,000)	-	(380,000)
	<u>85,802</u>	<u>(341,190)</u>	<u>1,848,750</u>	<u>1,593,362</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(18,283)	38,437
<b>Adjustment for:</b>		
Depreciation charges	43,411	42,894
Interest from investments	(98)	(260)
Decrease/(increase) in debtors	11,049	(11,400)
(Decrease)/increase in creditors	(18,083)	60,877
Capital grants from DfE and other capital income	(7,263)	(99,669)
Defined benefit pension scheme cost less contributions payable	54,000	28,000
Defined benefit pension scheme finance cost	9,000	7,000
<b>Net cash provided by operating activities</b>	<u>73,733</u>	<u>65,879</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	106,954	269,991
<b>Total</b>	<u>106,954</u>	<u>269,991</u>

---

**THE FIRS LOWER SCHOOL**  
(A Company Limited by Guarantee)

---

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

---

**21. MEMBERS' LIABILITY**

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

**22. OTHER FINANCE INCOME**

	2017 £	2016 £
Interest income on pension scheme assets	13,000	19,000
Interest on pension scheme liabilities	(22,000)	(26,000)
	<u>(9,000)</u>	<u>(7,000)</u>

**23. CAPITAL COMMITMENTS**

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

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	199,745

**24. PENSION COMMITMENTS**

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

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

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

**Teachers' Pension Scheme**

**INTRODUCTION**

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

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

---

24. PENSION COMMITMENTS (continued)

**THE TEACHERS' PENSION BUDGETING AND VALUATION ACCOUNT**

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

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

**VALUATION OF THE TEACHERS' PENSION SCHEME**

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £70,000 (2016 - £77,000).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>.

**SCHEME CHANGES**

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a

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

---

**24. PENSION COMMITMENTS (continued)**

reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £69,000 (2016 - £67,000), of which employer's contributions totalled £53,000 (2016 - £51,000) and employees' contributions totalled £16,000 (2016 - £16,000). The agreed contribution rates for future years are 19.6% for employers and between 5.5% and 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:

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

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

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

**24. PENSION COMMITMENTS (continued)**

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

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

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Discount rate -0.5%	126,000	130,000
Mortality assumption - 1 year increase	30,000	30,000
CPI rate +0.5%	106,000	82,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	439,000	469,000
Debt instruments	115,000	61,000
Property	69,000	61,000
Cash	146,000	18,000
<b>Total market value of assets</b>	<b>769,000</b>	<b>609,000</b>

The actual return on scheme assets was £98,000 (2016 - £84,000).

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

	2017 £	2016 £
Current service cost	(107,000)	(79,000)
Interest income	13,000	19,000
Interest cost	(22,000)	(26,000)
<b>Total</b>	<b>(116,000)</b>	<b>(86,000)</b>

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

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

**24. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening defined benefit obligation	989,000	633,000
Current service cost	107,000	79,000
Interest cost	22,000	26,000
Employee contributions	16,000	16,000
Actuarial (gains)/losses	(111,000)	240,000
Benefits paid	(7,000)	(5,000)
	<u>1,016,000</u>	<u>989,000</u>
Closing defined benefit obligation	<u>1,016,000</u>	<u>989,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	609,000	463,000
Actuarial losses	85,000	65,000
Employer contributions	53,000	51,000
Employee contributions	16,000	16,000
Benefits paid	(7,000)	(5,000)
Return on plan assets (excluding net interest on the net defined pension liability)	13,000	19,000
	<u>769,000</u>	<u>609,000</u>
Closing fair value of scheme assets	<u>769,000</u>	<u>609,000</u>

The amounts recognised in the Balance Sheet are as follows:

	2017 £	2016 £
Closing defined benefit obligation	(1,016,000)	(989,000)
Closing fair value of scheme assets	769,000	609,000
	<u>(247,000)</u>	<u>(380,000)</u>
Net defined benefit pension scheme liability	<u>(247,000)</u>	<u>(380,000)</u>

---

**THE FIRS LOWER SCHOOL**  
**(A Company Limited by Guarantee)**

---

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

---

**25. OPERATING LEASE COMMITMENTS**

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

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	7,670	10,116
Between 1 and 5 years	-	7,670
Total	<u>7,670</u>	<u>17,786</u>

All commitments above relate to assets other than land and buildings.

**26. RELATED PARTY TRANSACTIONS**

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

The wives of the Governors Mr Adam Campbell, Dr Richard A'Court and Mr Jonathan Wilson are employed by the Academy as a Teacher, Office Manager and Teaching Assistant respectively:

- As members of staff, these individuals are remunerated by the Academy and their remuneration is in line with all other members of staff of a similar grade. The remuneration of all staff is discussed by the Governors as a body but Mr Adam Campbell, Dr Richard A'Court and Mr Jonathan Wilson are not involved in the discussions relating to the remuneration of their wives.
- The wives of Mr Adam Campbell and Dr Richard A'Court are also considered members of the Senior Leadership Team due to the roles they hold within the Academy. As a result their remuneration is included in the aggregate remuneration of Key Management Personnel as disclosed in note 10.
- The wife of Mr Jonathan Wilson is not considered a member of the Senior Leadership Team. Her remuneration is not included in the aggregate remuneration of Key Management Personnel as disclosed in note 10.