



STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

WEDNESDAY



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STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Tim Willson Richard Seaman (resigned 20 June 2016) Jane Fines Matthew Lickess Paul Bown (appointed 22 September 2016)
Trustees	Tim Willson, Chair of Trustees from 20 June 2016 ¹ Richard Seaman, Chair of Trustees (resigned 20 June 2016) ¹ Jane Fines ¹ Joanna Travis Roberts John Hardwick ¹ Amie Tyers (resigned 14 March 2016) ¹ Aaron Collins (resigned 5 October 2015) Lee Sonde ¹ Matthew Lickess Daniel Grabowski Andrew Travis ¹ Susan Cunningham Peter Hayes (appointed 25 November 2015) Elle Grabowski (appointed 25 November 2015) Dawn Rose (resigned 16 October 2016) ¹ Marie Donaghy Susan Bown Paul Bown (appointed 22 September 2016)

¹ Finance and Resource Management Committee

Company registered number	08353034
Company name	Stonebow Primary School
Principal and registered office	Stonebow Close Loughborough Leicestershire LE11 4ZH
Senior management team	Jane Fines, Headteacher Martin Lees, Deputy Headteacher
Independent auditors	Clear & Lane Limited Chartered Accountants 340 Melton Road Leicester LE4 7SL
Bankers	NatWest Bank Plc Market Place Loughborough LE11 3NZ

STONEBOW PRIMARY SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The Trust operates as an Academy for pupils aged 4 to 11 serving a catchment area of Loughborough. It has a pupil capacity of 336 and a roll of 325 at 31 August 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

● **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Governors of Stonebow Primary School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Stonebow Primary School.

Details of the Governors who served throughout the year are included in the Reference and Administrative Details on page 1.

● **Members' liability**

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

● **Trustees' indemnities**

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust.

In accordance with normal practice the Academy has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions whilst on Academy business. The cover under the policy is £3 million and in the period under review the sum of £376 inclusive of tax was paid.

● **Method of recruitment and appointment or election of Trustees**

On conversion to Academy from 1st February 2013 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed on a term of office that would end when their original term at the predecessor school would have ended. The Academy's Governing Body comprises the Headteacher, a minimum of two Parent Trustees, up to four Staff Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board of Trustees will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board of Trustees has the necessary skills to contribute fully to the Academy's development.

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

● **Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As new Trustees are infrequent then induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

● **Organisational structure**

The Board of Trustees meets twice in the Autumn and Spring terms and once in the Summer term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are two committees as follows:

Finance and Resource Management Committee

Terms of reference:

1. To carry out its functions in accordance with relevant statutory requirements, the Academies Financial Handbook and other government guidance.
2. To have delegated powers to make decisions, in accordance with the Academies Financial Handbook and the school's Scheme of Delegation and Financial Regulations.
3. In conjunction with the Headteacher, to develop and implement long-term plans in relation to finance and other resources e.g. premises/grounds, equipment, ICT, etc.
4. To work with the Head Teacher and other committees to consider each year's School Improvement Plan, identify priorities and recommend an annual budget, which must be balanced, to the Full Governing Body for approval
5. To receive financial reports at least once each term and keep under review the school's actual financial performance, compared with budgeted performance, reporting any significant changes to the Full Governing Body.
6. To monitor regularly implementation of the school's policies, procedures and practices in relation to health and safety and safety outcomes e.g. through accident statistics, and ensure that any deficiencies or weaknesses in health and safety procedures are rectified without delay.
7. To regularly review and update relevant policies and procedures, including the following:
 - Scheme of Delegation;
 - Financial Regulations;
 - Contingency and Business Continuity Plan (annually);
 - Risk Register (annually);
 - Teachers' Pay Policy (annually, for approval by the Full Governing Body);
 - Health and Safety.

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

8. In conjunction with the Head Teacher and other committees, to oversee funding bids.
9. To ensure that the school has adequate insurance cover.
10. To receive reports from the Accounting Officer (Headteacher) and from Governor monitoring visits.
11. To act as the Audit Committee, providing assurance that risks are being adequately identified and managed by reviewing the risks to internal financial control and agreeing a programme of work to address, and provide assurance on, those risks.

Pupils, Staff and Partnerships Committee

Terms of reference:

1. To carry out its functions in accordance with relevant statutory requirements, government guidance and good practice.
2. To have delegated powers to make decisions, in accordance with the school's Scheme of Delegation.
3. To oversee the development and teaching of the school's curriculum and other activities undertaken by the school, having particular regard to statutory responsibilities e.g. in relation to equalities, religious education and collective worship, etc.
4. To analyse reports on standards and progress.
5. To oversee the staffing structure of the school, ensuring that resources are deployed efficiently and effectively to meet the school's objectives.
6. In conjunction with the Head Teacher, to maintain and develop effective relationships with parents and partner organisations e.g. Friends of Stonebow, Loughborough Primary Academy Partnership, Loughborough Learning Alliance, and others within the local community.
7. To regularly review and update policies and procedures that relate to teaching and learning and personnel, including the following:
 - Equality information and objectives statement for publication (every four years);
 - Accessibility Plan (every three years).

The following decisions are reserved to the Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy and its committee structure;
- to appoint or remove the Chairman and 1 or Vice Chairman;
- to appoint the Headteacher and clerk to the Trustees; and
- to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy; adopting an annual plan and budget; approving the statutory account, monitoring the Academy by the use of budgets and other data and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Academy has a leadership structure which consists of the Trustees and the Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Team (SLT) consists of the Headteacher, Deputy Headteacher, Maths Co-ordinator and English Co-ordinator and SENCO. The SLT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them.

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

The Headteacher and Finance and Resource Management Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to budget holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff and a Trustees presence is required for senior appointments. The Headteacher is the Accounting Officer.

● **Pay policy for key management personnel**

The Academy follows the national Teachers Pay and Conditions for teachers pay and set pay increases as agreed through national pay deals and incremental increases following successful performance review meetings. For support staff we follow Leicestershire local government pay scales and implemented locally agreed pay increases.

● **Connected organisations, including related party relationships**

Playfit, the before and after school childcare club use the Academy's facilities.

The Academy also has strong collaborative links with the Academy group Loughborough Primary Academy Partnership (LPAP).

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

The Academy has an active Parents' association, Friends of Stonebow. Currently there are no sponsors associated with the Academy.

OBJECTIVES AND ACTIVITIES

● **Objects and aims**

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing and maintaining a broad, creative and balanced curriculum catering for all childrens' needs, regardless of their academic ability, social or cultural background.

The principal object and activity of the charitable company is the operation of Stonebow Primary School to provide free education and care for pupils of different abilities between the ages of 4 and 11.

The aims of the Academy during the year ended 31 August 2016 are summarised below:

- To create independent, resilient learners who are challenged to achieve their best.
- To maintain an inclusive ethos in which individuals of all needs and abilities can thrive.
- To prepare our children to be responsible citizens in an ever changing world.
- To deliver an enriching, creative curriculum which will inspire and enthuse our children.
- To establish and develop positive partnerships with our families and the wider community.
- To provide a safe, secure and nurturing environment which supports the health and wellbeing of all.

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

In order to achieve our aims and values, in the academy you will see:

- A happy, caring environment with equal opportunities for all.
- An innovative approach to teaching and an investigative approach to learning.
- Learners with lively, enthusiastic, enquiring minds who are motivated to solve problems.
- Competent users of technologies with the confidence to apply skills in any context.
- Tolerance, understanding and respect for other people's beliefs, race and cultures.
- Use of the outdoors for active learning and an enriching programme of trips, residential, visits and visitors.
- A consistent approach to behaviour with clear expectations throughout the school.
- Achievements that are recognised and successes that are celebrated.
- The involvement and support of parents to accelerate children's progress and achieve aspirational goals.
- Children making healthy choices and enjoying active lifestyles.

At Stonebow Primary School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should have pride in being part of a happy and caring environment.

• **Objectives, strategies and activities**

Key priorities for the year are contained in our School Improvement Plan. Improvement focuses identified for this year include:

1. Raise attainment in English, particularly for Higher Achieving pupils in KS 2
2. Raise attainment in Mathematics, particularly for Higher Achieving pupils in KS 1
3. Improve the quality of teaching in order to accelerate rates of progress for all groups of pupils, especially those eligible for the Pupil Premium Grant
4. Further develop accurate assessment procedures and ensure tracking is effective in identifying underperformance
5. Embed a positive learning culture and 'growth mindset' approach across the school to impact on 'Behaviour for Learning'
6. Through improved leadership, ensure provision in the EYFS enables pupils to make swift gains in their learning
7. Introduce a robust cycle of monitoring, evaluation and review to support school improvement priorities
8. Empower the Governing Body to carry out its core statutory functions effectively and efficiently
9. Develop the strategic direction, financial and resource management of the school
10. Update and improve the school environment through a programme of planned refurbishments

Key activities and targets were identified in the Academy Improvement Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy.

• **Public benefit**

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Loughborough and the surrounding area. As an Academy we have a duty to support other schools. We support these schools through use of our premises and specialist skills in music and MFL.

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

• **Key performance indicators**

The total number of students in the year ended 31 August 2016 was 325. Numbers on roll have continued to increase steadily over the last 3 years.

In March 2015, an OFSTED inspection judged that the academy 'required improvement'. Standards in KS 2 had declined in the two years since the school converted to an academy. A revised improvement plan was put in place to address key issues and a monitoring visit in July 2015 judged that the school had taken effective steps towards actions identified for improvement. Attainment improved in most subjects, particularly reading, in 2015. Although the percentage of pupils making expected progress from KS 1 to KS 2 was broadly average, there were still too few pupils making better than expected progress.

Outcomes in the new KS 2 SATs in 2016 were significantly low in both reading and maths. The school was judged to be below floor standards in these subjects for the first time in its history. Teacher Assessments did not match test results and a high proportion of pupils underperformed in the new tests. School improvement is focused on building pace and rigour in all lessons and reviewing the changes needed to ensure pupils develop stamina and test technique to ensure outcomes in 2017 are significantly improved.

The school showed improvement in outcomes at the end of the EYFS and in the Yr. 1 Phonics Screening. Outcomes at the end of KS 1 were broadly in line with national but cannot be compared to previous years due to the introduction of the new teacher assessment framework in 2016.

Early Years Foundation Stage:

In 2016, in the Early Years Foundation Stage, the percentage of pupils achieving a 'good level of development' was 64.6%. This is a slight increase on 2015 and the average total points score also increased from 30.3 in 2015 to 33.2. Although these results are below national results, data shows the majority of pupils make good progress from their starting points.

Phonics screening:

In 2016, the percentage of pupils achieving the expected standard in the Year One Phonics Screening was 72.3% which is an 8% rise from 2015. However, this is still below national at 80.6% and continues to be a target for school improvement in 2016/17. The Read, Write, Inc approach has been introduced to impact on improved outcomes in the phonics screening but this will not be fully embedded until 2017.

Key Stage 1

	Stonebow 2016	National 2016
Reading		
At expected	66.7%	74.1%
Greater depth	18.8%	23.6%
Writing		
At expected	67%	65.5%
Greater depth	13%	13.3%
Maths		
At expected	73%	72.7%
Greater depth	18.8%	17.8%
Science		
At expected	75%	
Combined R,W,M	56.3%	60.3%
At expected		

In 2016 a new interim teacher assessment framework was introduced so comparisons cannot be made to previous performance data. Attainment in KS 1 was broadly in line with national in Maths and Writing although a little below in Reading. This is a school improvement priority in 2016/17

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Key Stage 2

	Stonebow 2016	National 2016
Reading		
At expected (100+)	45.5%	65.7%
Av scaled score	98.7	102.6
Writing		
At expected	75.8%	74.1%
Greater depth	9.1%	
GPS		
At expected (100+)	63.6%	72.5%
Av scaled score	100.7	104
Maths		
At expected (100+)	36.4%	70%
Av scaled score	98.5	103
Combined R,W,M		
At expected (100+)	21.2%	53%

Results in Reading and more significantly Maths were below national. Maths has historically been a strength of the school so the particularly low results impacted on the combined performance measures overall.

Progress measures and VA are significantly low but strategies to improve progress in KS 2, will be a key feature of the Improvement Plan in 2016.17.

To ensure that standards are continually maintained and improved, the Academy operates a programme of lesson observations, work scrutinise and learning walks which are undertaken by the Senior Leadership Team. There is a robust system of Performance Management for all teaching and support staff which is linked to the school's priorities. Performance Management interviews are conducted by the Head Teacher and senior leaders for all teaching staff. The Performance Management Policy complies with the Teachers Pay and Conditions documentation.

An external advisor is employed annually to assist PM Governors to conduct the Headteacher's Performance Management.

● **Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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 Accounting Policies.

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

FINANCIAL REVIEW

● **Financial Review**

The Academy had a net decrease in funds for the year ended 31 August 2016 of £187,958 including fixed assets movements. As at 31 August 2016 the Academy held £128,778 of unrestricted reserves plus £99,348 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £228,126.

The academy trust had a pension deficit on their Local Government Pension Scheme of £583,000 at 31 August 2016 and a fixed asset reserve of £2,489,067 (being the book value of past purchases).

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Academy. The principle financial management policies adopted in the period are included in the Academy's internal financial policies and are typical for an academy trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the Academy are the General Annual Grant (GAG) and other EFA/DfE grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the academy trust, subject to any remaining reserves.

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

● **Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately 9% of the annual budget, being approximately £100,000.

Actual free reserves plus unspent GAG as at 31 August 2016 were £228,126, being higher than the target level set by the Trustees. The Trustees expect the excess to be utilised for school improvement expenditure and for expected capital projects over the next 2 years. The Academy held no other available restricted funds at the year end. Cash at bank at 31 August 2016 was £57,561 higher than total available reserves due principally to Universal Infant Free School Meals funding received in advance plus other timing differences.

At 31 August 2016 the academy's fixed asset reserve of £2,489,067 represented of funds which could only be realised if the assets were sold.

The only reserve in deficit at the year end was the pension reserve (deficit of £583,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

● **Investments policy**

The Finance and Resource Management Committee of the Governing Body, alongside the Academy's Finance Officer is currently exploring ways to ensure that all funds surplus to immediate requirements are invested to optimal effect. The Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day to day management of the surplus funds will be delegated to the Headteacher and Finance Director within strict guidelines approved by the Governing Body.

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

● **Financial risk management objectives and policies**

The Academy has agreed a Risk Management Strategy, a Risk Register and a Business Continuity Plan. These have been discussed by Trustees and include the financial risks to the Academy.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance Committee meetings. At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 18 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimized.

At 31 August 2016 the pension deficit on the Local Government Pension Scheme stood at £583,000. The Academy has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of Academy closure, outstanding pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

● **Principal risks and uncertainties**

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 94% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. Changes in special educational needs funding will impact over the next few years.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

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

Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed the Internal Audit Department at Leicestershire County Council to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

- **Risk management**

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances.

The Trustees have implemented a system to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health & safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of Academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls and this is monitored annually by the Internal Audit Department at Leicestershire County Council.

The Academy has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

PLANS FOR FUTURE PERIODS

- **Future developments**

The Academy will continue to strive to provide high quality education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Funds held as custodian

The Academy does not hold funds on behalf of any other organisations.

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TRUSTEES' REPORT (continued)
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Disclosure of information to auditors

Insofar as the Trustees are aware:

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

Auditors

The auditors, Clear & Lane Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 28 November 2016 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'T Willson', with a horizontal line underneath.

Tim Willson
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Tim Willson	5	5
Richard Seaman	3	5
Jane Fines	5	5
Joanna Travis Roberts	4	5
John Hardwick	3	5
Amie Tyers	3	3
Aaron Collins	3	3
Lee Sonde	3	5
Matthew Lickess	5	5
Daniel Grabowski	4	5
Andrew Travis	2	5
Susan Cunningham	5	5
Peter Hayes	3	3
Elle Grabowski	1	3
Dawn Rose	0	5
Marie Donaghy	4	5
Susan Bown	5	5

Governance reviews:

This year, the Board of Trustees has been pro-active in undertaking reviews on the effectiveness of the Trustees.

Ofsted thoroughly reviewed the Governing Body in March 2015 and further to their findings, the Board of Trustees commissioned a full external review by Jean Lewis, a National Leader in Governance. This review is ongoing and has already brought about the following changes:

- Restructure and streamlining of Governor Committees to improve efficiency and effectiveness.
- Strategic input and review of School Improvement Plan.

The Governing Body will continue with the ongoing review by the National Leader in Governance and will respond as required to the recommendations made.

The Governing Body will undertake an internal self-evaluation in the Summer term.

The Finance and Resource Management Committee is a sub-committee of the main Board of Trustees. Its purpose is to assist in ensuring financial stability, transparency and effective financial procedures are maintained at Stonebow Primary School.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Tim Willson	4	4
John Hardwick	3	4
Richard Seaman	2	4
Amie Tyers	2	3
Andrew Travis	1	4
Lee Sonde	2	4
Jane Fines	4	4
Elle Grabowski	2	2
Marie Donaghy	2	4

Review of Value for money

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

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

Appointing a school business manager who will:

- Oversee purchasing processes to ensure the effectiveness of best value
- Undertake a supplier review
- Work with a network of business managers to complete benchmarking exercises and use the data to inform future purchasing decisions

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stonebow Primary School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The latest internal audit visit was in March 2016. A number of routine control weaknesses were identified as a result of the internal auditor's review work which have been addressed in the year.

Review of Effectiveness

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

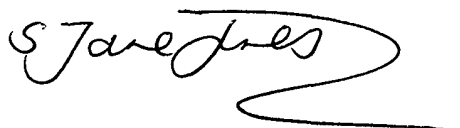
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 28 November 2016 and signed on their behalf, by:



Tim Willson
Chair of Trustees



Jane Fines
Accounting Officer

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Stonebow Primary School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Jane Fines
Accounting Officer

Date: 28 November 2016

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

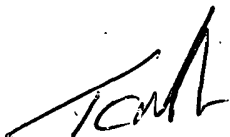
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 28 November 2016 and signed on its behalf by:



Tim Willson
Chair of Trustees

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

We have audited the financial statements of Stonebow Primary School for the year ended 31 August 2016 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

Matters on which we are required to report by exception

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

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



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants

340 Melton Road

Leicester

LE4 7SL

8 December 2016

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 9 February 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stonebow Primary School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Stonebow Primary School's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Stonebow Primary School's funding agreement with the Secretary of State for Education dated 1 February 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the Academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in operation.

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants

340 Melton Road
Leicester
LE4 7SL

8 December 2016

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

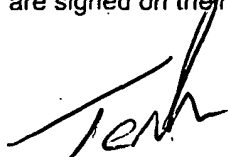
	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	100	-	7,465	7,565	12,655
Other trading activities	3	15,265	-	-	15,265	13,065
Charitable activities	4	-	1,321,344	-	1,321,344	1,283,281
TOTAL INCOME		15,365	1,321,344	7,465	1,344,174	1,309,001
EXPENDITURE ON:						
Raising funds		3,616	-	-	3,616	4,764
Charitable activities		-	1,342,965	65,551	1,408,516	1,361,424
TOTAL EXPENDITURE	5	3,616	1,342,965	65,551	1,412,132	1,366,188
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	14	11,749	(21,621)	(58,086)	(67,958)	(57,187)
		-	(11,873)	11,873	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		11,749	(33,494)	(46,213)	(67,958)	(57,187)
Actuarial losses on defined benefit pension schemes	18	-	(120,000)	-	(120,000)	(8,000)
NET MOVEMENT IN FUNDS		11,749	(153,494)	(46,213)	(187,958)	(65,187)
RECONCILIATION OF FUNDS:						
Total funds brought forward		117,029	(330,158)	2,535,280	2,322,151	2,387,338
TOTAL FUNDS CARRIED FORWARD		128,778	(483,652)	2,489,067	2,134,193	2,322,151

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 08353034

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	2015 £
FIXED ASSETS				
Tangible assets	11		2,489,067	2,535,280
CURRENT ASSETS				
Debtors	12	30,876	37,538	
Cash at bank and in hand		285,687	299,497	
		<u>316,563</u>	<u>337,035</u>	
CREDITORS: amounts falling due within one year	13	(88,437)	(118,164)	
NET CURRENT ASSETS			228,126	218,871
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,717,193</u>	<u>2,754,151</u>
Defined benefit pension scheme liability	18	(583,000)		(432,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,134,193</u></u>	<u><u>2,322,151</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted income fund	14	99,348	101,842	
Fixed asset fund	14	2,489,067	2,535,280	
Restricted funds excluding pension liability		2,588,415	2,637,122	
Pension reserve		<u>(583,000)</u>	<u>(432,000)</u>	
Total restricted funds			2,005,415	2,205,122
Unrestricted income funds	14		128,778	117,029
TOTAL FUNDS			<u><u>2,134,193</u></u>	<u><u>2,322,151</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 28 November 2016 and are signed on their behalf, by:



Tim Willson
Chair of Trustees

The notes on pages 25 to 46 form part of these financial statements.

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	16	<u>12,993</u>	<u>77,159</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(19,338)	(30,023)
Capital grants from DfE/EFA		<u>(7,465)</u>	<u>(7,431)</u>
Net cash used in investing activities		<u>(26,803)</u>	<u>(37,454)</u>
Change in cash and cash equivalents in the year		(13,810)	39,705
Cash and cash equivalents at 1 September 2015		<u>299,497</u>	<u>259,792</u>
Cash and cash equivalents at 31 August 2016	17	<u><u>285,687</u></u>	<u><u>299,497</u></u>

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 22.

1.2 FUND ACCOUNTING

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

Grants are included in the statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

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

1.4 EXPENDITURE

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

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

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

All resources expended are inclusive of irrecoverable VAT.

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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.

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.

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

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

Leasehold buildings	-	2% Straight line
Leasehold land (125 year lease)	-	over 125 years
Fixtures and fittings	-	25% Straight line
Computer equipment	-	33% Straight line

1.7 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.

1.8 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.

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 LIABILITIES AND PROVISIONS

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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 TAXATION

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

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

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, 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.

STONEBOW PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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.

1.12 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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

Defined benefit pension scheme

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 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	100	-	-	100	5,224
Capital Grants	-	-	7,465	7,465	7,431
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	100	-	7,465	7,565	12,655
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £5,224 was to unrestricted funds and £7,431 was to restricted fixed asset funds.

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	2,555	-	2,555	363
Fundraising income	7,358	-	7,358	6,665
Consultancy income	4,132	-	4,132	1,474
Other income	1,220	-	1,220	4,563
	<hr/>	<hr/>	<hr/>	<hr/>
	15,265	-	15,265	13,065
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from other trading activities, £11,816 was to unrestricted funds and £1,249 was to restricted funds.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	1,157,671	1,157,671	1,117,669
Other DfE/EFA grants	-	133,114	133,114	139,443
	<u>-</u>	<u>1,290,785</u>	<u>1,290,785</u>	<u>1,257,112</u>
Other government grants				
Local Authority grants	-	30,559	30,559	26,169
	<u>-</u>	<u>30,559</u>	<u>30,559</u>	<u>26,169</u>
	<u>-</u>	<u>1,321,344</u>	<u>1,321,344</u>	<u>1,283,281</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,283,281 was to restricted funds.

5. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	1,804	-	1,812	3,616	4,764
Educational Operations:					
Direct costs	931,685	49,163	89,403	1,070,251	1,052,729
Support costs	124,070	78,042	136,153	338,265	308,695
	<u>1,057,559</u>	<u>127,205</u>	<u>227,368</u>	<u>1,412,132</u>	<u>1,366,188</u>

In 2015, of the total fundraising expenditure, £4,764 was to unrestricted funds and £NIL was to restricted funds.

In 2015, of the total educational operations, £2,596 was to unrestricted funds, £1,301,344 was to restricted and £57,484 to restricted fixed asset funds.

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**NOTES TO THE FINANCIAL STATEMENTS
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6. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	740,594	764,321
Teaching and educational support staff costs - NI	48,195	45,294
Teaching and educational support staff costs - pensions	134,719	142,169
LGPS pension interest cost (£32,000) less return on assets (£16,000)	16,000	14,000
Educational supplies	34,120	27,230
Staff development	13,599	10,191
Educational consultancy	-	1,422
Other direct costs	24,067	18,983
Agency staff costs	8,177	4,006
Recruitment	1,617	-
Depreciation	49,163	43,113
	<hr/> 1,070,251	<hr/> 1,070,729
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	95,645	81,689
Support staff costs - NI	5,284	3,288
Support staff costs - pensions	17,384	324
Staff restructuring costs	5,757	-
Maintenance or premises and equipment	24,070	11,304
Cleaning	4,001	5,524
Rates	21,196	18,259
Insurance	(5,255)	15,646
Depreciation	16,388	14,371
Catering	58,259	61,600
Bank interest and charges	41	5
Telephone, postage and stationery	2,189	3,710
Other support costs	39,584	16,726
Security and transport	1,765	1,408
Technology costs	22,706	15,725
Energy costs	17,642	27,325
Governance	11,609	13,791
	<hr/> 338,265	<hr/> 290,695
	<hr/> 1,408,516	<hr/> 1,361,424

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

7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- capitalised by the charity	65,551	57,484
Auditors' remuneration - audit	4,200	6,000
Auditors' remuneration - other services	1,048	2,357
Operating lease rentals	3,228	4,304
	<u>74,027</u>	<u>69,145</u>

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8. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	838,043	846,010
Social security costs	53,479	48,582
Operating costs of defined benefit pension schemes	152,103	142,493
	<u>1,043,625</u>	<u>1,037,085</u>
Supply teacher costs	8,177	4,006
Staff restructuring costs	5,757	-
	<u><u>1,057,559</u></u>	<u><u>1,041,091</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u><u>5,757</u></u>	<u><u>-</u></u>
---------------------	---------------------	-----------------

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

	2016 No.	2015 No.
Teachers	18	18
Administration and support	34	34
Management	1	1
	<u><u>53</u></u>	<u><u>53</u></u>

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

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

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions for this staff member amounted to £9,170.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £237,910 (2015: £212,215). (These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within in their employment.)

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

9. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Trustees (2015 - 5) in respect of defined contribution pension schemes.

One or more Trustees has been paid remuneration from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and other staff members under their contracts of employment, and not in respect of their role as Trustees.

The value of Trustees' remuneration was as follows:

J Fines (Headteacher)

Remuneration £60,000 - £65,000 (2015: £55,000 - £60,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

S Cunningham (Staff Trustee)

Remuneration £40,000 - £45,000 (2015: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

M Donaghy (Staff Trustee)

Remuneration £35,000 - £40,000 (2015: £30,000 - £35,000)

Employer's pension contributions £5,000 - £10,000 (2015: £0 - £5,000)

S Bown (Staff Trustee)

Remuneration £5,000 - £10,000 (2015: £0 - £5,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

D Rose (Staff Trustee)

Remuneration £5,000 - £10,000 (2015: £10,000 - £15,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

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

During the year, no Trustees received any reimbursement of expenses (2015 - £154).

10. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £376 (2015 - £1,170).

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FOR THE YEAR ENDED 31 AUGUST 2016**

11. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2015	2,616,175	37,383	21,190	2,674,748
Additions	-	14,226	5,112	19,338
At 31 August 2016	<u>2,616,175</u>	<u>51,609</u>	<u>26,302</u>	<u>2,694,086</u>
DEPRECIATION				
At 1 September 2015	119,352	7,766	12,350	139,468
Charge for the year	48,748	10,381	6,422	65,551
At 31 August 2016	<u>168,100</u>	<u>18,147</u>	<u>18,772</u>	<u>205,019</u>
NET BOOK VALUE				
At 31 August 2016	<u>2,448,075</u>	<u>33,462</u>	<u>7,530</u>	<u>2,489,067</u>
At 31 August 2015	<u>2,496,823</u>	<u>29,617</u>	<u>8,840</u>	<u>2,535,280</u>

The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at in the period ended 31 August 2013 using the EFA standard valuation on a depreciated replacement cost basis provided to the academy. This provided a value for the land and buildings as at the date of conversion.

12. DEBTORS

	2016 £	2015 £
Trade debtors	-	544
VAT recoverable	5,388	9,164
Prepayments and accrued income	25,488	27,830
	<u>30,876</u>	<u>37,538</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	-	54,542
Other taxation and social security	17,000	13,923
Other creditors	27,829	16,833
Accruals and deferred income	43,608	32,866
	<u>88,437</u>	<u>118,164</u>

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FOR THE YEAR ENDED 31 AUGUST 2016**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	25,747	27,722
Resources deferred during the year	28,209	25,747
Amounts released from previous years	(25,747)	(27,722)
	<u>28,209</u>	<u>25,747</u>
Deferred income at 31 August 2016	<u>28,209</u>	<u>25,747</u>

The closing balance of deferred income relates to Universal Infant Free School Meals and income for educational visits received in advance of the 2016/17 academic year.

14. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General Funds	117,029	15,365	(3,616)	-	-	128,778
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	94,812	1,157,671	(1,141,262)	(11,873)	-	99,348
Pupil Premium	-	82,507	(82,507)	-	-	-
Other DfE/EFA grants	5,001	50,607	(55,608)	-	-	-
Other government grants	2,029	30,559	(32,588)	-	-	-
Pension reserve	(432,000)	-	(31,000)	-	(120,000)	(583,000)
	<u>(330,158)</u>	<u>1,321,344</u>	<u>(1,342,965)</u>	<u>(11,873)</u>	<u>(120,000)</u>	<u>(483,652)</u>

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

RESTRICTED FIXED ASSET FUNDS

Transfer from Local Authority	2,477,270	-	(48,344)	-	-	2,428,926
DfE/EFA capital grants	7,105	7,465	(3,164)	-	-	11,406
Capital expenditure from GAG	48,085	-	(13,076)	11,873	-	46,882
Capital expenditure from Friends of Stonebow	2,820	-	(967)	-	-	1,853
	<u>2,535,280</u>	<u>7,465</u>	<u>(65,551)</u>	<u>11,873</u>	<u>-</u>	<u>2,489,067</u>
Total restricted funds	<u>2,205,122</u>	<u>1,328,809</u>	<u>(1,408,516)</u>	<u>-</u>	<u>(120,000)</u>	<u>2,005,415</u>
Total of funds	<u>2,322,151</u>	<u>1,344,174</u>	<u>(1,412,132)</u>	<u>-</u>	<u>(120,000)</u>	<u>2,134,193</u>

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

Restricted general funds

The General Annual Grant (GAG) relates to the school's development and operational activities. There has been a transfer from GAG of £11,873 which relates to funding towards fixed asset additions in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The other DfE/EFA restricted funds grants consists of Universal Infant Free School Meals (UIFSM) and PE Sport Grant which have both been spent in full within the year.

Other government grants consists of Special Educational Needs Allowance (SENA), Pupil Premium Plus and Leicestershire Educational Excellence Partnership income. All grants were fully spent in the year.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed asset funds

The transfer from Local Authority relates to the value of £2,596,000 (leasehold land and buildings) transferred from the Local Authority to the Academy on conversion. The closing balance relates to the net book value of the assets concerned.

DfE/EFA capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

Capital expenditure from Friends of Stonebow is funds raised by the them towards the cost of capitalised expenditure. The closing balance relates to the net book value of the assets concerned.

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

14. STATEMENT OF FUNDS (continued)

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

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	2,489,067	2,489,067	2,535,280
Current assets	128,778	187,785	-	316,563	337,035
Current liabilities	-	(88,437)	-	(88,437)	(118,164)
Pension scheme liability	-	(583,000)	-	(583,000)	(432,000)
	<u>128,778</u>	<u>(483,652)</u>	<u>2,489,067</u>	<u>2,134,193</u>	<u>2,322,151</u>

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

	2016 £	2015 £
Net expenditure for the year (as per statement of financial activities)	(67,958)	(57,187)
Adjustment for:		
Depreciation charges	65,551	57,484
Decrease in debtors	6,662	1,086
(Decrease)/increase in creditors	(29,727)	38,345
Capital grants from DfE	7,465	7,431
Defined benefit pension scheme cost less contributions payable	15,000	16,000
Defined benefit pension scheme finance cost	16,000	14,000
Net cash provided by operating activities	<u>12,993</u>	<u>77,159</u>

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	285,687	299,497
Total	<u>285,687</u>	<u>299,497</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Leicestershire County Council. Both are Multi-employer defined benefit pension schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £17,870 were payable to the schemes at 31 August 2016 (2015 - 16,833) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £84,619 (2015 - £80,325).

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

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18. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £66,000 (2015 - £57,000), of which employer's contributions totalled £52,000 (2015 - £45,000) and employees' contributions totalled £14,000 (2015 - £12,000). The agreed contribution rates for future years are 21.4 - 22.4% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Rate of increase in salaries	3.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %
Inflation assumption (CPI)	2.10 %	2.60 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.6

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NOTES TO THE FINANCIAL STATEMENTS
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18. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	401,000	268,000
Bonds	100,000	85,000
Property	50,000	45,000
Cash	6,000	8,000
	<hr/>	<hr/>
Total market value of assets	557,000	406,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £16,000 (2015 - £14,000).

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

18. PENSION COMMITMENTS (continued)

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS102 report for Fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

Asset model

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2015 for the year to 31 August 2016, or date of joining the fund if later).

The amounts recognised in the statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost	(67,000)	(61,000)
Net interest cost	(16,000)	(14,000)
Total	<u>(83,000)</u>	<u>(75,000)</u>

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

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

	2016 £	2015 £
At 1 September	838,000	736,000
Current service cost	67,000	61,000
Interest cost	32,000	28,000
Contributions by employees	14,000	12,000
Actuarial losses	197,000	8,000
Benefits paid	(8,000)	(7,000)
	<hr/>	<hr/>
At 31 August	1,140,000	838,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £	2015 £
At 1 September	406,000	342,000
Return on plan assets (excluding net interest on the net defined pension liability)	16,000	14,000
Actuarial gains and (losses)	77,000	-
Contributions by employer	52,000	45,000
Contributions by employees	14,000	12,000
Benefits paid	(8,000)	(7,000)
	<hr/>	<hr/>
At 31 August	557,000	406,000
	<hr/> <hr/>	<hr/> <hr/>

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions as at 31 August 2016:	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	12 %	134,000
1 year increase in member life expectancy	3 %	34,000
0.5% increase in the Salary Increase Rate	4 %	48,000
0.5% increase in the Pension Increase Rate	7 %	82,000

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19. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
AMOUNTS PAYABLE:		
Between 1 and 5 years	<u>10,042</u>	<u>14,345</u>

20. MEMBERS' LIABILITY

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

21. RELATED PARTY TRANSACTIONS

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

The wife of Mr Sonde, a Trustee of the Academy, is employed by the Academy as a supply teacher and is paid a standard level for this role.

No other related party transactions took place in the year.

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22. FIRST TIME ADOPTION OF FRS 102

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

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		2,387,338	2,322,151
Total funds reported under FRS 102		<u>2,387,338</u>	<u>2,322,151</u>

Reconciliation of net (expenditure)	Notes	31 August 2015
		£
Net (expenditure) previously reported under UK GAAP		(51,187)
Change in recognition of LGPS interest cost	A	(6,000)
Net (expenditure) reported under FRS 102		<u>(57,187)</u>

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

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £6,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.