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Registered number: 08387242 (England and Wales)

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



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COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Ms Victoria Telfer-Smith (resigned 13 April 2018) Mrs Jemma Bagley Mr Michael Stevens Mrs Sarah Murray Mrs Shamima Chowdhury (reinstated 26 October 2017)
Trustees	Mrs Shamima Chowdhury, Vice Chair (appointed 26 October 2017) Mr Michael Stevens, Headteacher ¹ Mrs Jemma Bagley ¹ Mrs Evelynne Van-de-Velde (resigned 31 August 2018) Miss Michelle Lockley, Chair of Trustees to 26 June 2018 ¹ Ms Victoria Telfer-Smith (resigned 13 April 2018) Mrs Sarah Murray, Chair of Trustees from 26 June 2018 ¹ Miss Samantha Kingscott Mr Robert Stephen Berry ¹ Mr Matthew Peter Spriggs ¹ Finance Committee
Company registered number	08387242
Company name	Cobden Primary School
Principal and registered office	Hume Street Loughborough Leicester LE11 1AF
Senior management team	Michael Stevens, Headteacher Michelle Lockley, Deputy Headteacher
Independent auditors	Magma Audit LLP Chartered Accountants Unit 2, Charnwood Edge Business Park Syston Road Cossington Leicestershire LE7 4UZ
Bankers	NatWest Loughborough Leicestershire LE11 3NZ
Solicitors	Legal Department Leicestershire County Council County Hall Glenfield Leicestershire LE3 8RT

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. 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 5 to 11 serving a catchment area of Loughborough. It has a pupil capacity of 420 and had a roll of 380 on the school census at May 2018. There is also a pre school on site.

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 act as the Trustees for the charitable activities of Cobden Primary School Academy Trust Limited and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Cobden Primary School Academy Trust.

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

● **Members' liability**

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

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 £311 inclusive of tax was paid.

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

Trustees serve a three year term of office. On reaching this point they can offer to extend their term of office for a further three year term. New Governors are recruited according to the agreed Governing Body structure:

- Chair, Vice Chair and Chair of Finance can appoint up to four new Governors;
- A minimum of three Parent Governors to be appointed;
- Any Staff Governors to represent no more than a third of the total Governing Body.

Vacant posts are filled by the advertising of vacancies to the parent body and to the local community. Interested persons are interviewed by the Head Teacher and express a formal interest to the full Governing Body who then confirm or reject the application by majority vote at the full Governors meeting.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees are given a tour of the Academy and the chance to meet with staff and students.

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 there are normally few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

● **Organisational structure**

The Governing Body has the sole authority to:

- Approve the budget;
- Approve the Academy Improvement Plan and associated costs;
- Approve the staffing structure for the year ahead;
- Approve the Academy's planned admission number;
- Approve changes of staff grade and pay;
- Approve the Headteachers and staff performance advancement;
- Approve all policies;
- Approve changes to charges including lettings and rents;
- Approve all financial controls;
- Approve any expenditure above £5,000;
- Approve permanent exclusions;
- Approve any closures;
- Approve any changes to the timings of the Academy day and holidays.

The Academy has a senior leadership team who meet once every two weeks. The senior leaders have the authority to agree with the Headteachers approval any curriculum improvements and monitoring arrangements.

The Headteacher and Deputy Headteacher have the authority to impose fixed term exclusions and to appoint new staff members. The Headteacher can approve financial expenditure below £5,000.

● **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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- **Trade union facility time**

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1% - 50%	-
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	1,747,112
Provide the percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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- **Connected organisations, including related party relationships**

The Academy is part of a Academy Partnership with eight other primary schools. All Academy's maintain their independent status including separate Governing Bodies. The partnership is effective in providing support and challenge to each other. The partnership operates a triad model where schools work closely in groups of three schools during the year in order to provide the opportunity for more tailored specific support.

OBJECTIVES AND ACTIVITIES

- **Objects and aims**

The Academy aims to provide a high quality education for all children taking account of ability and cultural background. The Academy aims to provide a curriculum which is relevant, exciting and which provides a context for the development of key skills and knowledge.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

● **Objectives, strategies and activities**

School/Improvement 2018-19

Areas to be focused on next year include:

- Stage 2 of the Curriculum enquiry project- focus on geography and science
- Development of scientific investigational approaches in all year groups
- Modifications to the assessment systems to include more steps at lower ability stages
- Development of governors monitoring role and raising of governors profiles
- Re-introduction of restorative behaviour management approaches
- Appointment of new EWO role and focus on persistent absences

● **Public benefit**

The Governors confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commissions general guidance on public benefit, "Charities and Public Benefit".

The Academy's public benefit is enshrined in its charitable objects.

- To advance for the public benefit education in the town of Loughborough and surrounding area.
- To provide facilities for recreational and other leisure time occupation for the community.

STRATEGIC REPORT

● **Key performance indicators**

The school currently has a recent Ofsted judgement of 'Good' in all areas (May 2018). There were no significant improvement areas identified in the report.

The school is judged to be above the new 'Coasting' standards based on progress from KS1 to KS2.

The school performed just below National Averages for pupil progress for reading, writing and mathematics at end of KS2 and above floor standard.

Attendance was close to National Targets 95%+ and this has been secure for the past 4 years. Persistent absence cases are robustly pursued.

Pupils' recruitment is positive with numbers on roll increasing year on year.

Staffing is stable and there are no empty posts

This year we have worked on the following:

1. Quality First Teaching Monitoring Systems

New individual record sheet to record outcomes of observation and work sampling and any resulting support provided.

- Opportunities for year group colleagues to share recorded work and moderate outcomes
- HT/DHT termly work sampling core areas and cross curricular
- Mentor provision for NQT

2. Assessment Development

- Collaboration with LPAP colleagues to share complete work samples for age expected pupil
- SEN lead to research options for more effective SEN assessment system

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

3. Development of Mental Calculation skills

- Analysis of a sample of year groups test papers to establish common barriers to successful calculation strategies
- Audit current timetabling/time allocations of mental calculation teaching-establish age expectation outcomes as targets for each year group
- CPD to review successful teaching approaches
- Implement whole school priority focus on tables and number bonds learning with fun aspect

4. Strengthening Teaching of Reading

- Review/audit all current opportunities for reading both individual and group based in all year groups-share good practise
- Share strategies for extending vocabulary
- Extend reading comprehension resources including test practice materials (Cracking Comprehension) CPD to up-skill all staff in leading guided sessions

5. Development of an enquiry approach to teaching foundation subjects

- Training Day to present approaches to question led learning
- Training Morning to share practical approaches in History teaching
- Audit of all topic based planning with feedback
- Revision of topics for 2018-19 year based on providing a better sequence of topics and more pupil led approaches

CPD provided in order to provide greater staff awareness of applying successful enquiry approaches in topic based activities and increasing active learning opportunities

● **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.

FINANCIAL REVIEW

● **Financial review**

The Academy had a net increase in funds for the year ended 31 August 2018 of £45,516 including fixed assets movements, but excluding pension reserve movements. As at 31 August 2018 the Academy held £176,959 of unrestricted reserves plus £255,422 of unspent (non fixed asset) restricted funds. The Academy therefore held combined unrestricted and non fixed asset restricted funds, being its available reserves of £432,381.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £800,000 at 31 August 2018 and a fixed asset reserve of £1,626,186 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 DfE Group 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

● **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 6% of the annual budget, being approximately £130,000.

Actual free reserves plus unspent GAG as at 31 August 2018 were £430,847, being approximately £300,000 higher than the target level set by the Trustees. The Trustees intend to use the reserves above target to contribute towards the future in-year deficits forecast for the next 3 financial years. The Academy also held other available restricted funds at the year end of £1,534 in relation to PE Sports grant. Total available reserves, being both the above figures at 31 August 2018 were £432,381. Cash at bank at 31 August 2018 was £117,448 higher than total available reserves due principally to Universal Infant Free School Meals income received in advance of 2018/19 plus other accruals timing differences.

At 31 August 2018 the Academy's fixed asset reserve of £1,626,186 represented 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 £800,000) 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 Academy aims to manage its cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. Where surplus cash funds are held the Academy will consider options available to optimise returns whilst ensuring the investments are such that there is no risk to the loss of these cash funds.

● **Principal risks and uncertainties**

Based on the strategic plan, the Governors Strategy Committee has begun to undertake a review of the risks to which the Academy is exposed. The committee has begun to identify systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the Academy.

The internal controls for managing risks deemed as medium and high will be incorporated into annual risk management action plan. The effectiveness of the Academy's internal controls in managing the risks identified is regularly monitored.

A thorough appraisal will be undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the Risk Management Committee will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the Academy.

A risk register, covering low, medium and high level risks, will be maintained at Academy level. The risk register will identify the key risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy. However, not all factors are within the Academy's control and other factors besides those listed below may also adversely affect the Academy.

1. Government funding

The Academy has considerable reliance on continued government funding through the Education & Skills

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FOR THE YEAR ENDED 31 AUGUST 2018

Funding Agency (ESFA) and the Local Authority.

This risk has and will be mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding;
- Contingency planning embedded into the Academy budget process.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102. The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

3. Pupil Strategy

The Academy seeks to maintain its popularity with current and prospective pupils by:

- Ensuring the Academy delivers high quality education and training;
- Maintaining good success rates and good inspection outcomes; and
- Investing in the its teaching staff and resources

Pupil numbers continue to increase significantly and this trend is set to continue for the next three years. With ongoing commitment to quality, the Academy now provides high quality learning environments. We were fortunate to be able to use a grant of £130,000 towards refurbishment of existing classrooms and the creation of two new Y6 classrooms with state of the art interactive facilities.

This places the Academy in an excellent position to attract new pupils.

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 of the Academy and its finances.

The most recent inspection by Ofsted secured a good judgement in all areas. Trustees have closely monitored and approved the school improvement plan which sets out clear and measurable targets for securing good academic outcomes for all groups of pupils in english and mathematics.

Risk Management

The Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to safeguarding, improving teaching, health and safety, anti bullying and risk assessments for educational visits) and in relation to the control of finance. There is a new Disaster Recovery Policy in place which sets out whole Academy systems in the face of a full scale evacuation

They have introduced systems, including operational procedures including the vetting of new staff and visitors, appropriate 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.

At 31 August 2018 the pension deficit on the Local Government Pension Scheme stood at £800,000. 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

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Academy closure, outstanding pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

- **Fundraising**

Fundraising has been limited to small events held to raise funds for external charities, such as non-uniform days. These funds are paid across in full to the nominated charities.

PLANS FOR FUTURE PERIODS

- **Future developments**

The Academy will continue to strive to provide a broad, balanced and enjoyable curriculum and improve the levels of performance of its pupils at all levels from individual starting points. The Academy will continue to aim to attach 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. This is the Loughborough Primary Academy Partnership and Leicestershire Primary Heads.

The Academy will continue to promote a wide range of extra curricular activities and seek to increase student engagement in these activities.

Funds held as custodian

No such funds are held by the Academy.

Disclosure of information to auditors

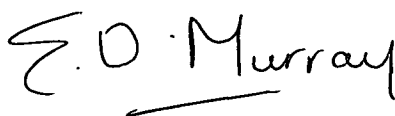
Insofar as the Trustees are aware:

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

Auditors

Following audit tender presentations it was decided that a new company of auditors be appointed for the three year period from September 2018. The designated trustees will propose a motion to appoint Haines Watts Leicester LLP at a meeting of the Trustees.

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 20 November 2018 and signed on its behalf by:



Mrs Sarah Murray
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Cobden 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 Cobden 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 3 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
Mrs Shamima Chowdhury	2	3
Mr Michael Stevens	3	3
Mrs Jemma Bagley	3	3
Mrs Evelynne Van-de-Velde	2	3
Miss Michelle Lockley	3	3
Ms Victoria Telfer-Smith	1	2
Mrs Sarah Murray	3	3
Miss Samantha Kingscott	3	3
Mr Robert Stephen Berry	1	3
Mr Matthew Peter Spriggs	2	3

- Changes in the composition of the Board are indicated on page 1 of the financial statements and all were of a routine nature.
- The Board's work was typical for a primary Academy of its size and type, focusing on the improvement and maintenance of educational standards and on financial and general management. There were no unusual matters worthy of note dealt with by the Trustees during their work.
- A review of the Board's performance in the year is detailed below. Challenges encountered have been of a routine nature concerning finances, staff management and educational standards.
- The quality of data flowing to the Board is considered acceptable by Trustees based on their experience, their own observations, enquiries and judgements.

Governance reviews:

Cobden Primary School was judged as good in all areas by Ofsted in May 2018.

The Academy has a very well focussed improvement plan which sets out precise strategies for leaders to make judgements regarding the strengths and areas of improvement required by staff. All senior leaders make regular judgements regarding the quality of individual teachers work and provide detailed constructive feedback. The Head Teacher has regularly been able to have his judgements moderated by Ofsted and partners in the Loughborough Primary Academy Partnership.

There is a well structured plan of monitoring and plans in place to deal with under performance. Governors are directly involved in monitoring the activities of the school linked to School Development Priorities.

The Academy will look to conduct a governance self evaluation annually. An FMGS was completed by the Academy within the first year, and found to be a useful tool and provides helpful assurance to the Board of

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GOVERNANCE STATEMENT (continued)

The Academy will look to conduct a governance self evaluation annually. An FMGS was completed by the Academy within the first year, and found to be a useful tool and provides helpful assurance to the Board of Trustees that arrangements meet the mandatory requirements.

As part of our self assessment the Governors will be completing a skills audit during this next year.

The Finance and Staffing Committee is a sub-committee of the main Board of Trustees.

Its purpose is as follows:

- To develop the annual draft budget for approval by the Governing Body taking into account school development priorities;
- To monitor expenditure against the budget plan and agree adjustments including decisions as necessary;
- To approve tenders and expenditure between £5,000 and £25,000.
- To maintain inventories and security of assets.
- To formulate a charging and remissions policy for activities.
- To determine payments regarding petty cash.
- To consider the recommendations of the performance management governors in relation to the Headteachers pay.
- To monitor actions following an LA Internal Audit.
- The committee will respond to consultations on financial matters.
- To review the Finance Manual annually.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs J Bagley	2	3
Mr M Stevens (Headteacher)	3	3
Ms M Lockley (Deputy Headteacher)	2	3
Mrs S Murray	3	3
Mr Robert Stephen Berry	2	3

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:

The Board of Trustees is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Trustees need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

What Is Best Value?

Trustees will apply the four principles of best value:

- **Challenge** - Is the school's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?
- **Compare** - How does the school's pupil performance and financial performance compare with all schools? How does it compare with LA schools? How does it compare with similar schools?
- **Consult** - How does the school seek the views of stakeholders about the services the school provides?
- **Compete** - How does the school secure efficient and effective services? Are services of appropriate quality, economic?

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GOVERNANCE STATEMENT (continued)

The Trustees' Approach

The Trustees and school managers will apply the principles of best value when making decisions about:

- The use of educational resources to best support the various educational needs of all pupils
- The allocation of resources to best promote the aims and values of the Academy.
- The targeting of resources to best improve standards and the quality of provision.

Trustees, and the school managers, will:

- Make comparisons with other/similar schools using data provided by the LA and the Government, e.g. quality of teaching & learning, levels of expenditure.
- Challenge proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual pupil achievement targets.
- Require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup, e.g., redecoration and refurbishment projects.
- Consult individuals and organisations on quality/suitability of service we provide to parents and pupils, and services we receive from providers, e.g. sex and relationships education, pupil reports, assigned inspector, Ofsted, maintenance consultant, Borough Energy Group.

This will apply in particular to:

- Staffing
- Use of premises
- Use of resources
- Quality of teaching
- Quality of learning
- Purchasing
- Pupils' welfare
- Health and safety

Trustees and school managers:

- Will not waste time and resources on investigating minor areas where few improvements can be achieved.
- Will not waste time and resources to make minor savings in costs.
- Will not waste time and resources by seeking tenders for minor supplies and services.

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

Staffing

Trustees and school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.

Use of Premises

Trustees and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching & learning, for support services, and for communal access to central resources, e.g. the library.

Use of Resources

Trustees and school managers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality of learning.

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GOVERNANCE STATEMENT (continued)

Teaching

Trustees and school managers will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with:

- A curriculum which meets the requirements of the National Curriculum, the LA Agreed RE Syllabus, and the needs of pupils.
- Teaching which builds on previous learning and has high expectations of children's achievement

Learning

Trustees and school managers will review the quality of children's learning, by cohort, class and group, to provide teaching which enables children to achieve nationally expected progress, e.g. setting of annual pupil achievement targets.

Purchasing

Trustees and school managers will develop procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures already in place include:

- Competitive tendering procedures (e.g. for goods and services above £5,000).
- Procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship).
- Procedures which minimise office time by the purchase of goods or services under £1,000 direct from known, reliable suppliers (e.g. stationery, small equipment)

Pupils' Welfare

Trustees and school managers will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.

Health & Safety

Trustees and school managers will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

Monitoring

These areas will be monitored for best value by:

1. In-house monitoring by the Head teacher and curriculum managers, e.g. classroom practice, work sampling.
2. Yearly target setting meetings between the Head teacher and curriculum managers.
3. Annual performance management.
4. Annual budget planning.
5. Headteacher's meetings with the Finance Officer,
6. Analysis of school pupil performance data, e.g. SATs results, standardised test results, against all schools, LA schools, and similar schools.
7. Analysis of LA pupil performance data, e.g. Graph Packs.
8. Analysis of LA financial data, bench mark data for all schools, LA schools, similar schools.
9. Analysis of DfEs pupil performance data, e.g. Raise Online.
10. Ofsted Inspection reports.
11. Trustees' classroom observations and discussion of monitoring reports.
12. Trustees' termly committee meetings.
13. Trustees' full termly meetings.
14. Trustees' annual finance review.

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GOVERNANCE STATEMENT (continued)

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 Cobden Primary School for the year 1 September 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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

The latest internal audit visit was in November 2017. No material control issues were identified as a result of the internal auditor's review work.

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

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

- the work of the 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 Staffing 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 20 November 2018 and signed on their behalf, by:



Mrs Sarah Murray
Chair of Trustees



Mr M Stevens
Accounting Officer


COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Cobden Primary School I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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



Mr M Stevens
Accounting Officer

Date: 20 November 2018

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who 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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

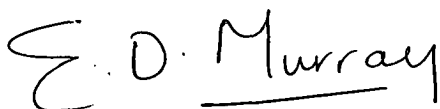
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 20 November 2018 and signed on its behalf by:



Mrs Sarah Murray
Chair of Trustees

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Cobden Primary School (the 'Academy') for the year ended 31 August 2018 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report..

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

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

Responsibilities of trustees

As explained more fully in the statement of Trustees' responsibilities, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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 opinions we have formed.

Magma Audit LLP

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Magma Audit LLP

Chartered Accountants
Statutory Auditors

Unit 2, Charnwood Edge Business Park
Syston Road
Cossington
Leicestershire
LE7 4UZ

Date: 20/11/18.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 07/09/2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cobden Primary School during the year 1 September 2017 to 31 August 2018 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 Cobden Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Cobden Primary School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cobden Primary School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Cobden Primary School's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Cobden Primary School's funding agreement with the Secretary of State for Education dated 19 December 2012, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy'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.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO COBDEN
PRIMARY SCHOOL AND THE EDUCATION AND SKILLS 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Magma Audit LLP

Reporting Accountant

Magma Audit LLP

Unit 2, Charnwood Edge Business Park
Syston Road
Cossington
Leicestershire
LE7 4UZ

Date:

20/11/18.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	-	16,065	16,065	7,960
Charitable activities	3	-	1,900,913	-	1,900,913	1,822,302
Other trading activities	4	168,041	-	-	168,041	168,017
TOTAL INCOME		168,041	1,900,913	16,065	2,085,019	1,998,279
EXPENDITURE ON:						
Raising funds		157,378	-	-	157,378	156,338
Charitable activities		-	1,947,397	65,728	2,013,125	1,913,481
TOTAL EXPENDITURE	5	157,378	1,947,397	65,728	2,170,503	2,069,819
NET BEFORE TRANSFERS		10,663	(46,484)	(49,663)	(85,484)	(71,540)
Transfers between funds	14	-	(14,631)	14,631	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		10,663	(61,115)	(35,032)	(85,484)	(71,540)
Actuarial gains on defined benefit pension schemes	18	-	303,000	-	303,000	301,000
NET MOVEMENT IN FUNDS		10,663	241,885	(35,032)	217,516	229,460
RECONCILIATION OF FUNDS:						
Total funds brought forward		166,296	(786,463)	1,661,218	1,041,051	811,591
TOTAL FUNDS CARRIED FORWARD		176,959	(544,578)	1,626,186	1,258,567	1,041,051

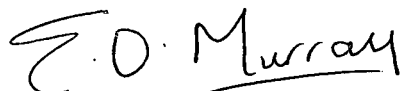
The notes on pages 26 to 48 form part of these financial statements.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 08387242

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	11		1,626,186		1,661,218
CURRENT ASSETS					
Debtors	12	48,892		42,823	
Cash at bank and in hand		549,829		436,106	
		<u>598,721</u>		<u>478,929</u>	
CREDITORS: amounts falling due within one year	13	(166,340)		(127,096)	
NET CURRENT ASSETS			<u>432,381</u>		<u>351,833</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,058,567</u>		<u>2,013,051</u>
Defined benefit pension scheme liability	18		(800,000)		(972,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>1,258,567</u></u>		<u><u>1,041,051</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income funds	14	255,422		185,537	
Fixed asset funds	14	1,626,186		1,661,218	
Restricted funds excluding pension liability		<u>1,881,608</u>		<u>1,846,755</u>	
Pension reserve		<u>(800,000)</u>		<u>(972,000)</u>	
Total restricted funds			<u>1,081,608</u>		<u>874,755</u>
Unrestricted income funds	14		<u>176,959</u>		<u>166,296</u>
TOTAL FUNDS			<u><u>1,258,567</u></u>		<u><u>1,041,051</u></u>

The financial statements on pages 23 to 48 were approved by the Trustees, and authorised for issue, on 20 November 2018 and are signed on their behalf, by:



Mrs Sarah Murray
Chair of Trustees

The notes on pages 26 to 48 form part of these financial statements.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	16	<u>128,354</u>	<u>149,009</u>
Cash flows from investing activities:			
Purchase of tangible assets		(30,696)	(66,474)
Capital grants from DfE and other capital income		<u>16,065</u>	<u>7,960</u>
Net cash used in investing activities		<u>(14,631)</u>	<u>(58,514)</u>
Change in cash and cash equivalents in the year		113,723	90,495
Cash and cash equivalents at 1 September 2017		<u>436,106</u>	<u>345,611</u>
Cash and cash equivalents at 31 August 2018	17	<u><u>549,829</u></u>	<u><u>436,106</u></u>

The notes on pages 26 to 48 form part of these financial statements.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 receipt is probable and the amount can be reliably measured.

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants. 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 using the ESFA 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.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

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 £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. 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 buildings - roof	-	6% Straight line
Leasehold land (125 year lease)	-	over 125 years
Furniture and fixtures	-	25% Straight line
Furniture and fixtures	-	5% or 25% Straight line
Computer equipment	-	33% Straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

1.7 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.

1.9 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

COBDEN PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.10 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 TAXATION

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

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

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

1.12 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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. TPS is a unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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 value of 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
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Capital grants	-	-	16,065	16,065	7,960
Total 2017	-	-	7,960	7,960	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,589,889	1,589,889	1,567,728
Other DfE group grants	-	233,412	233,412	212,819
	-	1,823,301	1,823,301	1,780,547
Other government grants				
Local Authority grants	-	70,215	70,215	34,118
	-	70,215	70,215	34,118
Other funding				
British Council of China	-	7,397	7,397	7,637
	-	7,397	7,397	7,637
	-	1,900,913	1,900,913	1,822,302
Total 2017	-	1,822,302	1,822,302	

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**NOTES TO THE FINANCIAL STATEMENTS
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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	5,509	-	5,509	5,356
Fundraising income	2,521	-	2,521	3,968
Preschool income	156,283	-	156,283	155,723
Breakfast club income	565	-	565	499
Other income	3,163	-	3,163	2,471
	<u>168,041</u>	<u>-</u>	<u>168,041</u>	<u>168,017</u>
Total 2017	<u>168,017</u>	<u>-</u>	<u>168,017</u>	

5. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds:					
Direct costs	-	-	-	-	-
Support costs	127,600	29,778	-	157,378	156,338
Academy's educational Operations:					
Direct costs	1,453,113	46,045	92,270	1,591,428	1,524,311
Support costs	173,948	79,259	168,490	421,697	389,170
	<u>1,754,661</u>	<u>155,082</u>	<u>260,760</u>	<u>2,170,503</u>	<u>2,069,819</u>
Total 2017	<u>1,683,634</u>	<u>134,979</u>	<u>251,206</u>	<u>2,069,819</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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6. CHARITABLE ACTIVITIES

	Total funds 2018 £	Total funds 2017 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	1,071,980	1,021,605
Teaching and educational support staff costs - NI	85,606	80,417
Teaching and educational support staff costs - pensions	287,978	256,422
LGPS pension interest cost (£64,000) less return on assets (£38,000)	26,000	26,000
Educational supplies	40,451	35,147
Staff development	7,945	14,503
Other direct costs	11,777	30,158
Depreciation	49,296	45,685
Technology costs	10,395	14,374
	<u>1,591,428</u>	<u>1,524,311</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	136,101	137,690
Support staff costs - NI	7,726	7,982
Support staff costs - pensions	30,121	27,131
Recruitment	634	607
Maintenance of premises	31,182	15,825
Cleaning	9,159	8,971
Rates	9,018	8,372
Insurance	15,655	14,614
Depreciation	16,432	15,229
Catering	84,796	81,685
Governance	8,429	8,427
Other support costs	34,458	29,482
Security and transport	3,051	3,106
Technology costs	11,225	7,100
Energy costs	23,710	22,949
	<u>421,697</u>	<u>389,170</u>
	<u><u>2,013,125</u></u>	<u><u>1,913,481</u></u>

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- capitalised by the charity	65,728	60,914
Auditors' remuneration - audit	5,722	5,610
Auditors' remuneration - other services	744	729
Operating lease rentals	9,447	9,652
	<u><u>9,447</u></u>	<u><u>9,652</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,311,806	1,263,443
Social security costs	99,352	94,278
Pension costs	335,954	302,945
	<u>1,747,112</u>	<u>1,660,666</u>
Agency staff costs	7,549	22,968
	<u><u>1,754,661</u></u>	<u><u>1,683,634</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	21	22
Administration and support	61	58
Management	1	1
	<u>83</u>	<u>81</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teacher' Pension Scheme. During the year ended 31 August 2018 pension contributions for this staff member amounted to £11,999 (2017: £11,880).

d. Key management personnel

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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £213,255 (2017: £212,884). These figures include salary costs of all Trustees employed by the academy, even where they have no management role within their employment.

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NOTES TO THE FINANCIAL STATEMENTS
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9. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration from an employment with the academy. 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:

M Stevens (Headteacher and Trustee)

Remuneration £70,000 - £75,000 (2017: £70,000 - £75,000)

Employer's pension contributions paid £10,000 - £15,000 (2017: £10,000 - £15,000)

E Van-De-Velde (Staff Trustee)

Remuneration £40,000 - £45,000 (2017: £40,000 - £45,000)

Employer's pension contributions paid £5,000 - £10,000 (2017: £5,000 - £10,000)

M Lockley (Staff Trustee)

Remuneration £50,000 - £55,000 (2017: £45,000 - £50,000)

Employer's pension contributions paid £5,000 - £10,000 (2017: £5,000 - £10,000)

During the year, no Trustees received any benefits in kind (2017 - £NIL).

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 2018 was £311 (2017 - £450).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

11. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Furniture and fixtures £	Computer equipment £	Total £
COST				
At 1 September 2017	1,602,191	164,941	107,149	1,874,281
Additions	5,803	15,071	9,822	30,696
Disposals	-	-	(5,900)	(5,900)
At 31 August 2018	<u>1,607,994</u>	<u>180,012</u>	<u>111,071</u>	<u>1,899,077</u>
DEPRECIATION				
At 1 September 2017	125,209	30,412	57,442	213,063
Charge for the year	31,040	11,359	23,329	65,728
On disposals	-	-	(5,900)	(5,900)
At 31 August 2018	<u>156,249</u>	<u>41,771</u>	<u>74,871</u>	<u>272,891</u>
NET BOOK VALUE				
At 31 August 2018	<u>1,451,745</u>	<u>138,241</u>	<u>36,200</u>	<u>1,626,186</u>
At 31 August 2017	<u>1,476,982</u>	<u>134,529</u>	<u>49,707</u>	<u>1,661,218</u>

12. DEBTORS

	2018 £	2017 £
DUE WITHIN ONE YEAR		
Trade debtors	930	-
VAT recoverable	12,051	10,037
Prepayments and accrued income	35,911	32,786
	<u>48,892</u>	<u>42,823</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Other taxation and social security	24,170	22,918
Other creditors	27,291	26,730
Accruals and deferred income	114,879	77,448
	<u>166,340</u>	<u>127,096</u>
	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	70,222	26,229
Resources deferred during the year	85,328	70,222
Amounts released from previous years	(70,222)	(26,229)
Deferred income at 31 August 2018	<u>85,328</u>	<u>70,222</u>

The closing balance of deferred income mainly relates to Universal Infant Free School Meals and Nursery Education Grant funding received in advance of the 2018/19 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General Funds	166,296	168,041	(157,378)	-	-	176,959
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	185,537	1,589,889	(1,506,907)	(14,631)	-	253,888
Pupil premium	-	172,091	(172,091)	-	-	-
Other DfE Group grants	-	61,321	(59,787)	-	-	1,534
Local Authority grants	-	70,215	(70,215)	-	-	-
Other funding	-	7,397	(7,397)	-	-	-
Pension reserve	(972,000)	-	(131,000)	-	303,000	(800,000)
	<u>(786,463)</u>	<u>1,900,913</u>	<u>(1,947,397)</u>	<u>(14,631)</u>	<u>303,000</u>	<u>(544,578)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE Group capital grants	146,029	8,140	(5,228)	-	-	148,941
Capital expenditure from GAG	95,436	-	(3,328)	8,644	-	100,752
Transfer from Local Authority	1,419,753	-	(56,733)	-	-	1,363,020
Insurance income	-	7,925	(439)	5,987	-	13,473
	<u>1,661,218</u>	<u>16,065</u>	<u>(65,728)</u>	<u>14,631</u>	<u>-</u>	<u>1,626,186</u>
Total restricted funds	<u>874,755</u>	<u>1,916,978</u>	<u>(2,013,125)</u>	<u>-</u>	<u>303,000</u>	<u>1,081,608</u>
Total of funds	<u>1,041,051</u>	<u>2,085,019</u>	<u>(2,170,503)</u>	<u>-</u>	<u>303,000</u>	<u>1,258,567</u>

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

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer from GAG 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 DfE Group restricted funds grants consists of Universal Infant Free School Meals Grant and PE Sports Grant. The closing balance relates to PE Sports Grant funds not spent at the year end.

The Local Authority restricted funds grants consists of Special Educational Needs (SEN) Funding. All funds have been spent in full within the year.

Other funding relates to a British Council of China grant which was given to aid teaching training visits to China. All funds have been spent in full within the year.

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

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

Restricted fixed assets

DfE Group 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.

The 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. The closing balance represents the net book value of the assets concerned.

The transfer from Local Authority relates to the value of £1,587,669 (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.

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 2018.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds	154,617	168,017	(156,338)	-	-	166,296
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	165,316	1,567,728	(1,488,993)	(58,514)	-	185,537
Pupil premium	-	159,686	(159,686)	-	-	-
Other DfE Group grants	-	53,133	(53,133)	-	-	-
Local Authority grants	-	34,118	(34,118)	-	-	-
Other funding	-	7,637	(7,637)	-	-	-
Pension reserve	(1,164,000)	-	(109,000)	-	301,000	(972,000)
	<u>(998,684)</u>	<u>1,822,302</u>	<u>(1,852,567)</u>	<u>(58,514)</u>	<u>301,000</u>	<u>(786,463)</u>

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

RESTRICTED FIXED ASSET FUNDS

DfE Group capital grants	143,424	7,960	(5,355)	-	-	146,029
Capital expenditure from GAG	40,421	-	(3,499)	58,514	-	95,436
Transfer from Local Authority	1,471,813	-	(52,060)	-	-	1,419,753
	<u>1,655,658</u>	<u>7,960</u>	<u>(60,914)</u>	<u>58,514</u>	<u>-</u>	<u>1,661,218</u>
Total restricted funds	<u>656,974</u>	<u>1,830,262</u>	<u>(1,913,481)</u>	<u>-</u>	<u>301,000</u>	<u>874,755</u>
Total of funds	<u>811,591</u>	<u>1,998,279</u>	<u>(2,069,819)</u>	<u>-</u>	<u>301,000</u>	<u>1,041,051</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	1,626,186	1,626,186
Current assets	176,959	421,762	-	598,721
Current liabilities	-	(166,340)	-	(166,340)
Pension scheme liability	-	(800,000)	-	(800,000)
	<u>176,959</u>	<u>(544,578)</u>	<u>1,626,186</u>	<u>1,258,567</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	1,661,218	1,661,218
Current assets	166,296	312,633	-	478,929
Current liabilities	-	(127,096)	-	(127,096)
Pension scheme liability	-	(972,000)	-	(972,000)
	<u>166,296</u>	<u>(786,463)</u>	<u>1,661,218</u>	<u>1,041,051</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(85,484)	(71,540)
Adjustment for:		
Depreciation charges	65,728	60,914
(Increase)/decrease in debtors	(6,069)	14,186
Increase in creditors	39,244	44,409
Capital grants from DfE and other capital income	(16,065)	(7,960)
Defined benefit pension scheme cost less contributions payable	105,000	83,000
Defined benefit pension scheme finance cost	26,000	26,000
Net cash provided by operating activities	128,354	149,009

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	549,829	436,106
Total	549,829	436,106

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

Contributions amounting to £26,590 were payable to the schemes at 31 August 2018 (2017 - £26,006) 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 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial

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

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

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

The employer's pension costs paid to TPS in the period amounted to £111,980 (2017 - £107,825).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2018 was £148,000 (2017 - £140,000), of which employer's contributions totalled £118,000 (2017 - £111,000) and employees' contributions totalled £30,000 (2017 - £29,000). The agreed contribution rates for future years are 23.4 - 24.4% 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.30 %	3.40 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %
Inflation assumption (CPI)	2.30 %	2.40 %
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:

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	23.8
Females	26.2	26.2

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,031,000	971,000
Bonds	449,000	290,000
Property	150,000	116,000
Cash	33,000	72,000
	<hr/>	<hr/>
Total market value of assets	1,663,000	1,449,000
	<hr/>	<hr/>

The actual return on scheme assets was £72,000 (2017 - £124,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 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 2017 for the year to 31 August 2018, or date of joining the fund if later).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Current service cost	(223,000)	(194,000)
Interest income	38,000	26,000
Interest cost	(64,000)	(52,000)
	<hr/>	<hr/>
Total	(249,000)	(220,000)
	<hr/>	<hr/>

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

	2018 £	2017 £
Opening defined benefit obligation	2,421,000	2,354,000
Current service cost	223,000	194,000
Interest cost	64,000	52,000
Employee contributions	30,000	29,000
Actuarial gains	(269,000)	(203,000)
Benefits paid	(6,000)	(5,000)
	<hr/>	<hr/>
Closing defined benefit obligation	2,463,000	2,421,000
	<hr/>	<hr/>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,449,000	1,190,000
Interest income	38,000	26,000
Actuarial gains	34,000	98,000
Employer contributions	118,000	111,000
Employee contributions	30,000	29,000
Benefits paid	(6,000)	(5,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	1,663,000	1,449,000
	<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 2018:	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	13 %	332,000
0.5% increase in the Salary Increase Rate	3 %	74,000
0.5% increase in the Pension Increase Rate	10 %	253,000

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19. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	5,243	5,243
Between 1 and 5 years	7,864	13,107
Total	<u>13,107</u>	<u>18,350</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 trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transaction

F Stevens, spouse of M Stevens, Headteacher, and a Trustee, is employed by the Academy as a teacher. F Stevens appointment was made in open competition and M Stevens was not involved in the decision making process regarding appointment. F Stevens is paid within the normal pay scale for her role and receives no special treatment as a result of her relation to a Trustee.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.