

Registered number: 08434113

**PUTNOE PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**



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

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**Members and Governors** Mr Carl Du Plessis, Parent Governor & Chair (appointed 1 September 2016)<sup>1</sup>  
Mrs Deborah Orr, Parent Governor and Vice Chair<sup>2</sup>  
**Governors** Mrs Gillian Peck, Headteacher<sup>1,2</sup>  
Mrs Elspeth Tierney, Staff Governor<sup>1</sup>  
Mrs Allison Llewellyn, Staff Governor<sup>1,2</sup>  
Rev Benjamin Lewis, Community Governor (resigned 14 October 2017)<sup>1</sup>

<sup>1</sup> Management Committee

<sup>2</sup> Standards Committee

**Company registered number** 08434113

**Company name** Putnoe Primary School

**Principal and registered office** Church Lane  
Bedford  
MK41 0DH

**Senior Management Team** Gillian Peck, Headteacher and Accounting Officer  
Simon Petch, Deputy Headteacher  
Matthew Rogers, Senior Teacher  
Andrew Pope, Senior Teacher  
Pauline Gayle, Senior Teacher  
Joanne Camino, Senior Teacher (from 1 September 2017)  
Helen Clarke, Senior Teacher (from 1 September 2017)  
Clare Bilham, Senior Teacher (from 1 September 2017)

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

**Bankers** National Westminster Bank Plc  
81 High Street  
Bedford  
MK40 1YN

**Solicitors** Stone King Solicitors  
13 Queens Square  
Bath  
BA1 2HJ

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**PUTNOE PRIMARY SCHOOL**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Governors' Report, and a Directors' report under company law.

The Academy Trust operates an Academy for pupils aged 4 to 11 years serving a catchment area in Bedford. It has a pupil capacity of 630 and had a roll of 617 in the school census on January 2017.

**Structure, governance and management**

**CONSTITUTION**

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

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

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

The charitable company is known as Putnoe Primary School.

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

**MEMBERS' LIABILITY**

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

**GOVERNORS' INDEMNITY INSURANCE**

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was included in the RPA scheme operated by the ESFA; see note 11.

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

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

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

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

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

The Governors, who are also the charity Trustees, are responsible for the overall management and control of the School and meet at least three times a year. The work of reviewing and monitoring most policies is delegated to the members of the Committees as outlined below. They all work under the chairmanship of a Governor appointed at the first committee meeting in each academic year. Terms of reference of these committees are agreed annually at these meetings.

The Clerk to the Governing Body co-ordinates the work of the Governors and their committees, prepares agendas and papers and reviews matters arising. The Finance Manager prepares the accounts on behalf of the Governors. All Governors give their time to the role freely, no remuneration or expenses were paid in the year.

**ORGANISATIONAL STRUCTURE**

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

**Governors Committee Structure**

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

The Governing Body

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

There are two major committees, which are sub-committees of the Governing Body, and their respective aims are as follows:

Standards Committee

- To consider and advise the Governing Body on standards and other matters relating to the school's curriculum, including statutory requirements and the School's Curriculum Policy and Teaching and Learning Policy.
- To consider curricular issues which have implications for finance and personnel decisions and to make recommendations to the relevant committees or the Governing Body.
- To ensure that children's enjoyment of lessons is an integral part of all curriculum planning.
- To oversee the analysis annually of test data and pupil assessment and make recommendations to the Governing Body as appropriate.
- To ensure that all curricular improvements required by OfSTED are implemented.

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

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- To review annually the School Prospectus.
- To make arrangements for the Governing Body to be represented at School Improvement discussions with the SIA and for reports to be received by the Governing Body.
- To oversee arrangements for individual Governors to take a leading role in specific areas of provision (e.g. SEN, Literacy, Numeracy and Curriculum Leadership Groups), to receive regular reports from them and advise the Governing Body.

Management Committee

- To draft and review annually the staffing structure, in consultation with the Headteacher.
- To oversee the selection and appointment procedure for all staff.
- To oversee and review termly, the school's safeguarding procedures, including the implementation of the Child Protection and Safer Recruiting policies.
- To establish and review a Performance Management policy for all staff.
- To oversee the process leading to staff reductions.
- To keep under review staff work/life balance, working conditions and well-being, including the monitoring of absence.
- To make recommendations on personnel related expenditure.
- To ensure that DfE regulatory and guidance documents are implemented appropriately in the school, with specific reference to the role assigned to the Governing Body.
- To assist the decision making of the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy.
- To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

In addition, the following other sub-committees are there to meet specific needs:

Staff Pay Committee

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

Hearings committee

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

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

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respect of National Curriculum disapplications, and the operation of the Governing Body's charging policy.

- To oversee arrangements for educational visits, including the appointment of a named co-ordinator ("EVC").

Appeals committee

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

Pupil Discipline Committee

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

Headteacher's Performance Review Group:

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

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

Key Management Personnel of the Academy comprise the Governors and Senior Management Team. The Governors are not remunerated in their role as Governors.

The Headteacher's remuneration is set by the Headteacher Performance Review Group following performance management review and benchmarked against appropriate pay in the sector. The remuneration of all other staff are considered annually and at strategic times in the year by the Staff Pay Committee following appraisals and based on initial recommendations by the Headteacher.

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

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

None to disclose.

**Objectives and Activities**

**OBJECTS AND AIMS**

Putnoe Primary School's objects are specifically restricted to the following:

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

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

1. To improve the achievement of all pupils and specifically to monitor the standards of reading. Instilling in all pupils a love of reading – OfSTED priority.
2. To monitor the Gender Gap in standards for all pupils within Reading Writing and Numeracy securing 4 points progress.
3. Reading for pleasure and introduction of materials aimed at engaging boys.
4. To procure suitable contractors to undertake the building of a new Breakfast and After School club block. Monitor the project's progress and financial implications.
5. To ensure that all pupils receive the appropriate support in order to reach their academic potential. In particular to continue to record and track pupil premium expenditure and the impact of this.
6. To monitor progress in relation to the School Improvement Plan and the specific targets set out within this.

**PUBLIC BENEFIT**

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

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



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

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The Academy is a non-selective school serving Bedford. It is subject to the current statutory arrangements as laid down in the national Admissions Code.

**STRATEGIC REPORT**

**Achievements and performance**

**REVIEW OF ACTIVITIES**

- The school has been identified as a centre of global learning by Eco Schools. It supports schools in the community, and beyond, to develop global learning across the curriculum.
- The school has been identified as a centre of global learning by Eco Schools. It supports schools in the community, and beyond, to develop global learning across the curriculum.
- The school currently holds several awards; Artsmark Gold Award, International Schools Award, Science Quality Mark, Basic Skills Award, Music Mark, School Games Gold and Eco Schools Green Flag. It is currently working towards ICT Mark and Artsmark Platinum Award.
- The Headteacher works as an Ofsted Inspector. She also works as a LLE (Local Leader of Education) supporting schools across the Borough.
- The Friends of Putnoe group has continued to support the school with a number of fundraising initiatives.
- The school has been rigorous in its mission to raise standards, identifying underachievement in language and communication and reading. The SIP has set challenging targets to address these issues.

**KEY PERFORMANCE INDICATORS**

**EYFS:**

Reading	80% Expected	36% Exceeding
Writing	83% Expected	23% Exceeding
Mathematics	83% Expected	39% Exceeding

**Year 1:**

Phonics	77% Expected
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**Year 2:**

Reading	71% Expected	24% Exceeding
Writing	71% Expected	18% Exceeding
Mathematics	68% Expected	29% Exceeding

**Year 6:**

Reading	51% Expected	15% Exceeding
Writing	72% Expected	21% Exceeding
GPS	85% Expected	43% Exceeding
Mathematics	72% Expected	22% Exceeding

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

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**GOING CONCERN**

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

**Financial review**

**FINANCIAL REPORT FOR THE PERIOD**

The Academy had a satisfactory financial period to 31 August 2017, with total income of £2,725,698 comprising capital funding of £10,477 and other grants and funding of £2,715,221. Of this other income £2,630,248 was received to fund educational operations.

Total expenditure amounted to £2,700,924 but includes £189,422 of depreciation allocated to the restricted fixed asset fund. Pension adjustments arising from the actuarial valuation amounting to £91,000 are also included in total expenditure. Revenue expenditure before depreciation and defined benefit pension scheme adjustments amounts to £2,420,502 leaving a surplus of £294,719 for the year arising on the other restricted and restricted revenue funds. An amount of £145,469 was transferred from this surplus to cover the capital expenditure in the year not covered by capital grants. After adjusting for the restricted fixed asset fund and pension fund the net movement in the year before actuarial losses amounts to £58,250.

Most of the Academy's income is obtained from the Department for Education via the Education and Skills Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities and the grants received are detailed in note 3 to the financial statements.

GAG funding was the core funding element to the provision of educational services for the year. Of the total income for educational purposes, excluding capital grants, some 67.3% was spent on teaching and educational support staff and 9.2% on other support staff. Total staff costs represent 95.2% of GAG funding.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its support staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 19 to the financial statements.

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

**RESERVES POLICY**

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

Reserves at the end of the period 31 August 2017 were £7,259,235 comprising £996,650 on the restricted general funds, £150,897 of unrestricted general funds, £6,732,688 of restricted fixed asset fund and a pension reserve deficit of £621,000.

The Governors are aware of the high percentage of carry forward reserves into 2017/18. The Governors have approved the building of a Breakfast and After School Club during 2017/18. Although not contractually committed at the balance sheet date the expected cost of this building is in the region of £560k and will be

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

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financed by the funds carried forward. Other commitments in the future to be met out of the reserves carried forward include the anticipated rising running costs of the Academy including staff costs.

The deficit on the pension reserve relates to the non-teaching staff pension scheme (Local Government Pension Scheme) where, unlike the Teachers' Pension Scheme, separate assets are held to fund future liabilities as discussed in note 19. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

**INVESTMENT POLICY**

The School's Investment Strategy is:

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

Any change in policy requires the approval of Governors via the Management Committee.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Governing Body has a comprehensive risk management process to identify and monitor the risks faced by the Academy. The principal risks facing the Academy are financial risk through reduction in funding or unbudgeted expenditure, reputational risk and risks associated with personnel and performance.

The financial risks the Academy faces are mitigated by the fact that they relate largely to bank balances, cash and trade creditors, with limited trade (and other) debtors. The exception is the Pension Scheme for Local Government Employees which has a current shortfall of £621,000 which the Academy is making up over 7 years. This amount is booked as a liability in these financial statements.

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

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**Plans for future periods**

**PLANS FOR FUTURE PERIODS**

To continue to raise attainment across the school the Governors intend to monitor the curriculum and ensure reading skills continue to improve for every child. Access to the arts and culture will continue to be a high priority, giving pupils those skills and experiences that will enable them to become citizens of the world.

Plans have been put in place to build a new after-hours facility. Governors have directed funding accordingly to invest in the needs of pupils and their families.

**FUNDS HELD AS CUSTODIAN**

No such funds are held by Putnoe Primary School.

**DISCLOSURE OF INFORMATION TO AUDITOR**

In so far as the Governors are aware:

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

**AUDITOR**

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

The Governors' Report was approved by order of the Governing Body, as the company directors, on **7/12/17** and signed on its behalf by:

  
**Mr Carl Du Plessis**  
Chair of Governors

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

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**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

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

Governor	Meetings attended	Out of a possible
Mr Carl Du Plessis, Parent Governor & Chair	5	6
Mrs Deborah Orr, Parent Governor and Vice Chair	6	6
Mrs Gillian Peck, Headteacher	6	6
Mrs Elspeth Tierney, Staff Governor	6	6
Mrs Allison Llewellyn, Staff Governor	6	6
Rev Benjamin Lewis, Community Governor	1	6

**Governance reviews:**

The Governors have completed a Governor Health check in June 2016. Three areas have been identified for improvement over the next year. Most urgent of these is improving our understanding of pupil assessment data. Training for Governors in this area is already included in the strategic plan for the next year. The other two areas relate to communication with stakeholders and the need to be more proactive in opening channels of communication. The main groups worthy of better communication are parents through the school website and staff through staff meetings.

The Management Committee is a sub-committee of the main Governing Body. Its purpose is:

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

During the course of the year the Management Committee reviewed all the monthly finance reports against budget. The main focus of the year was the building project, which has been completed. Extra groundwork was required over and above the planned budget but the cost of this was met from contingencies. Staff sickness absence has again required supply teacher cover.

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

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Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs Elspeth Tierney, Staff Governor	3	3
Mrs Gillian Peck, Headteacher	3	3
Mr Carl Du Plessis, Parent Governor	3	3
Mrs Allison Llewellyn, Staff Governor (meetings attended in her capacity as Finance Manager)	3	3

The Standards Committee is also a sub-committee of the main Governing Body. Its purpose is to monitor the standards of teaching and learning in the school.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs Gillian Peck, Headteacher	5	5
Mrs Allison Llewellyn, Staff Governor	5	5
Mrs Deborah Orr, Parent Governor	5	5
Rev Benjamin Lewis, Community Governor	4	5

**REVIEW OF VALUE FOR MONEY**

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

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

- Acquiring three quotes for purchases over the limit of £10,000.
- Ensuring that the Management Committee has available regular, updated audits concerning budget holder reports, to monitor effective use of resources.
- Continually develop the school's target setting and tracking systems and share outcomes and analyses with staff and Governors to ensure finances are directed towards highlighted areas of need.

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

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

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

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**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks.

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

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

On a termly basis, the external's auditor presents the independent reports to the Governing Body through the Management Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

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

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**REVIEW OF EFFECTIVENESS**

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

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

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

Approved by order of the members of the Governing Body on 7/12/17 and signed on their behalf, by:

  
.....  
**Mr Carl Du Plessis**  
**Chair of Governors**

  
.....  
**Gillian Peck**  
**Accounting Officer**



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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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

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

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

  
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**Gillian Peck**  
**Accounting Officer**

Date: 7.12.17

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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

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

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



**Mr Carl Du Plessis**  
Chair of Governors

Date: 7/12/17

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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNORS OF  
PUTNOE PRIMARY SCHOOL**

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**OPINION**

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

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

In our opinion the financial statements:

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

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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**PUTNOE PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNORS OF  
PUTNOE PRIMARY SCHOOL**

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**OTHER INFORMATION**

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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

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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNORS OF  
PUTNOE PRIMARY SCHOOL**

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

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

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

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



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

Date: 13 December 2017

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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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

This report is made solely to Putnoe 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 Putnoe 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 Putnoe Primary School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF PUTNOE PRIMARY SCHOOL'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Putnoe Primary School's funding agreement with the Secretary of State for Education dated 27 March 2013, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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The work undertaken to draw to our conclusion includes:

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

**CONCLUSION**

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



Reporting Accountant

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

Date: 13 December 2017

**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	10,477	10,477	10,052
Charitable activities:	3					
Educational operations		-	2,630,248	-	2,630,248	2,636,250
Other trading activities	4	82,132	2,112	-	84,244	88,863
Investments	5	729	-	-	729	1,834
<b>TOTAL INCOME</b>		<b>82,861</b>	<b>2,632,360</b>	<b>10,477</b>	<b>2,725,698</b>	<b>2,736,999</b>
<b>EXPENDITURE ON:</b>						
Raising funds		6,680	-	-	6,680	5,719
Charitable activities:						
Educational operations		63,619	2,441,203	189,422	2,694,244	2,520,940
<b>TOTAL EXPENDITURE</b>	6	<b>70,299</b>	<b>2,441,203</b>	<b>189,422</b>	<b>2,700,924</b>	<b>2,526,659</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	15	12,562	191,157	(178,945)	24,774	210,340
		-	(145,469)	145,469	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		12,562	45,688	(33,476)	24,774	210,340
Actuarial gains/(losses) on defined benefit pension schemes	19	-	25,000	-	25,000	(305,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>12,562</b>	<b>70,688</b>	<b>(33,476)</b>	<b>49,774</b>	<b>(94,660)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		138,335	304,962	6,766,164	7,209,461	7,304,121
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>150,897</b>	<b>375,650</b>	<b>6,732,688</b>	<b>7,259,235</b>	<b>7,209,461</b>

The notes on pages 25 to 47 form part of these financial statements.



**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08434113**

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

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	12		6,732,688		6,766,164
<b>CURRENT ASSETS</b>					
Debtors	13	127,837		111,898	
Cash at bank and in hand		1,182,794		967,270	
		<u>1,310,631</u>		<u>1,079,168</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(163,084)		(80,871)	
<b>NET CURRENT ASSETS</b>			<u>1,147,547</u>		<u>998,297</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,880,235</u>		<u>7,764,461</u>
Defined benefit pension scheme liability	19		(621,000)		(555,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>7,259,235</u>		<u>7,209,461</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	15	996,650		859,962	
Restricted fixed asset funds	15	6,732,688		6,766,164	
Restricted income funds excluding pension liability		<u>7,729,338</u>		<u>7,626,126</u>	
Pension reserve		(621,000)		(555,000)	
Total restricted income funds			<u>7,108,338</u>		<u>7,071,126</u>
Unrestricted income funds	15		<u>150,897</u>		<u>138,335</u>
<b>TOTAL FUNDS</b>			<u>7,259,235</u>		<u>7,209,461</u>

The financial statements on pages 22 to 47 were approved by the Governors, and authorised for issue, on 7/12/17 and are signed on their behalf, by:

  
**Mr Carl Du Plessis**  
Chair of Governors

  
**Mrs Gillian Peck**  
Accounting Officer

The notes on pages 25 to 47 form part of these financial statements.

**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	17	<u>360,264</u>	<u>380,311</u>
<b>Cash flows from investing activities:</b>			
Interest from investments		729	1,834
Purchase of tangible fixed assets		(155,946)	(82,272)
Capital grants from DfE/ESFA		<u>10,477</u>	<u>10,502</u>
<b>Net cash used in investing activities</b>		<u>(144,740)</u>	<u>(69,936)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>215,524</b>	<b>310,375</b>
Cash and cash equivalents brought forward		<u>967,270</u>	<u>656,895</u>
<b>Cash and cash equivalents carried forward</b>	18	<u><u>1,182,794</u></u>	<u><u>967,270</u></u>

The notes on pages 25 to 47 form part of these financial statements.

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

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

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

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

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

**1.2 Going concern**

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

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

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1. ACCOUNTING POLICIES (continued)

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities incorporating Income and Expenditure Account when the Academy Trust has entitlement to the funds, probability of receipt and the amount can be measured with sufficient reliability.

**Grants Receivable**

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

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

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

**Donations**

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

**Other income**

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

**Donated Services and Gifts in Kind**

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

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

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1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

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

**Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

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

Freehold buildings	-	2% per annum on a straight line basis
Motor vehicles	-	20% per annum on a straight line basis
Fixtures and fittings	-	25% per annum on a straight line basis
Computer equipment	-	25% per annum on a straight line basis
Freehold land	-	Not depreciated

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.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Taxation**

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

**1.7 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 Debtors**

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

**1.9 Cash at bank and in hand**

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

**1.10 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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**1. ACCOUNTING POLICIES (continued)**

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

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

**1.11 Fund accounting**

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

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

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

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

**1.12 Liabilities and provisions**

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

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

1.13 Financial instruments

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

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

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

1.14 Critical accounting estimates and areas of judgment

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

**Critical accounting estimates and assumptions:**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Critical areas of judgment:**

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



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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital Grants	-	-	10,477	10,477	10,052
<i>Total 2016</i>	-	-	10,052	10,052	

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	2,113,918	2,113,918	2,072,308
Pupil Premium	-	315,170	315,170	318,425
Other ESFA/DfE grants	-	68,560	68,560	91,989
	-	2,497,648	2,497,648	2,482,722
<b>Other government grants</b>				
Local authority grants	-	91,732	91,732	131,869
	-	91,732	91,732	131,869
<b>Other funding</b>				
Other income	-	40,868	40,868	21,659
	-	40,868	40,868	21,659
	-	2,630,248	2,630,248	2,636,250
<i>Total 2016</i>	-	2,636,250	2,636,250	

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

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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	6,075	-	6,075	6,089
School clubs	53,544	-	53,544	60,294
School shop	7,765	-	7,765	6,449
Other income	14,748	2,112	16,860	16,031
	<u>82,132</u>	<u>2,112</u>	<u>84,244</u>	<u>88,863</u>
<i>Total 2016</i>	<u>87,534</u>	<u>1,329</u>	<u>88,863</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	729	-	729	1,834
	<u>729</u>	<u>-</u>	<u>729</u>	<u>1,834</u>
<i>Total 2016</i>	<u>1,834</u>	<u>-</u>	<u>1,834</u>	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	6,680	6,680	5,719
Educational operations:					
Direct costs	1,769,309	-	213,209	1,982,518	1,804,014
Support costs	242,324	189,422	279,980	711,726	716,926
	<u>2,011,633</u>	<u>189,422</u>	<u>499,869</u>	<u>2,700,924</u>	<u>2,526,659</u>
<i>Total 2016</i>	<u>1,855,890</u>	<u>163,529</u>	<u>507,240</u>	<u>2,526,659</u>	

In 2017, of the total expenditure, £70,299 (2016 - £49,966) was from unrestricted funds, £2,441,203 (2016 - £2,313,164) from restricted general funds and £189,422 (2016 - £163,529) from restricted fixed asset funds.

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**FOR THE YEAR ENDED 31 AUGUST 2017**

**7. CHARITABLE ACTIVITIES**

	<b>Total funds 2017 £</b>	<b>Total funds 2016 £</b>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	1,314,271	1,227,185
National insurance	105,834	85,741
Pension cost	298,627	222,700
Agency staff costs	50,577	79,012
Educational supplies	97,578	90,502
Staff development	5,952	11,175
Staff related insurance	16,272	15,764
Technology costs	17,975	19,844
Other direct costs	75,432	52,091
	<b>1,982,518</b>	<b>1,804,014</b>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	190,348	191,055
National insurance	11,551	9,805
Pension cost	40,425	40,392
Depreciation	189,422	163,529
Defined benefit pension scheme - net finance cost	12,000	9,000
Technology costs	20,592	19,235
Maintenance of premises and equipment	32,894	20,155
Operating lease rentals	11,989	8,741
Rent and rates	6,599	6,204
Energy	25,420	26,450
Insurance	13,498	15,680
Catering	112,280	154,243
Other occupancy costs	12,021	14,891
Other support costs	17,652	23,780
Governance costs	15,035	13,765
	<b>711,726</b>	<b>716,925</b>
<b>Total Academy's educational operations</b>	<b>2,694,244</b>	<b>2,520,939</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	189,422	163,528
Auditor's remuneration - audit	7,200	7,000
Auditor's remuneration - other services	4,758	5,850
Operating lease rentals	10,612	8,741
	<u>189,422</u>	<u>163,528</u>

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**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,504,401	1,415,977
Social security costs	117,385	95,545
Operating costs of defined benefit pension schemes	339,052	263,093
	<u>1,960,838</u>	<u>1,774,615</u>
Supply teacher costs	218	2,263
Agency costs	50,577	79,012
	<u><u>2,011,633</u></u>	<u><u>1,855,890</u></u>

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

	2017 No.	2016 No.
Teaching	23	19
Administration and support	62	69
Management	5	6
	<u>90</u>	<u>94</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teaching	21	19
Administration and support	32	33
Management	5	6
	<u>58</u>	<u>58</u>

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

	2017 No.	2016 No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for this staff member amounted to £13,396 (2016: £13,270).

The Key Management Personnel of the Academy comprise the Governors and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer's pension contributions) received by Key Management Personnel for their services to the Academy was £386,228 (2016: £366,461).

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

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**10. GOVERNORS' REMUNERATION AND EXPENSES**

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

Mrs Gillian Peck (Headteacher):

Remuneration	£75,000 - £80,000 (2016: £75,000 - £80,000)
Employer's pension contributions	£10,000 - £15,000 (2016: £10,000 - £15,000)

Mrs Allison Llewellyn (Staff Governor):

Remuneration	£35,000 - £40,000 (2016: £30,000 - £35,000)
Employer's pension contributions	£5,000 - £10,000 (2016: £5,000 - £10,000)

Mrs Elspeth Tierney (Staff Governor):

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

During the year, travel expenses paid on behalf of the Academy totalling £276 (2016: £NIL) were reimbursed to one Governor (2016: none).

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

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim and any one membership year. The cost of the insurance for the year ended 31 August 2017 is not separately identified but is included in the total insurance cost of £11,480 paid under the Department for Education's Risk Protection Arrangement, ("RPA"). The RPA is not an insurance scheme but is a mechanism through which the costs of risks that materialise are covered by government funds. In the year ended 31 August 2016 the cost of this insurance was also included within the total insurance cost.

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**12. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	6,829,850	3,000	143,864	155,802	7,132,516
Additions	7,632	-	41,241	107,073	155,946
At 31 August 2017	6,837,482	3,000	185,105	262,875	7,288,462
<b>Depreciation</b>					
At 1 September 2016	277,225	3,000	44,970	41,157	366,352
Charge for the year	96,597	-	40,645	52,180	189,422
At 31 August 2017	373,822	3,000	85,615	93,337	555,774
<b>Net book value</b>					
At 31 August 2017	6,463,660	-	99,490	169,538	6,732,688
At 31 August 2016	6,552,625	-	98,894	114,645	6,766,164

Included in freehold property is freehold land at valuation at conversion to Academy status of £2,000,000 which is not depreciated. The Governors consider that the valuation of the freehold property remains appropriate as at 31 August 2017.

**13. DEBTORS**

	2017 £	2016 £
Trade debtors	320	230
VAT repayable	36,487	34,728
Prepayments and accrued income	91,030	76,940
	<u>127,837</u>	<u>111,898</u>

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

	2017 £	2016 £
Trade creditors	100,402	881
Accruals and deferred income	62,682	79,990
	<u>163,084</u>	<u>80,871</u>
	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	38,896	44,989
Resources deferred during the year	45,329	38,896
Amounts released from previous years	(38,896)	(44,989)
Deferred income at 31 August 2017	<u>45,329</u>	<u>38,896</u>

At the balance sheet date the Academy Trust was holding funds received in advance for the following purposes: capital funding £6,199 (2016: £6,049) and Universal Infant Free School Meals £39,130 (2016: £32,847).



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**15. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General unrestricted funds	138,335	82,861	(70,299)	-	-	150,897
<b>Restricted funds</b>						
General Annual Grant (GAG)	722,994	2,113,919	(1,891,089)	(145,469)	-	800,355
Other restricted funds	136,968	518,441	(459,114)	-	-	196,295
Pension reserve	(555,000)	-	(91,000)	-	25,000	(621,000)
	<u>304,962</u>	<u>2,632,360</u>	<u>(2,441,203)</u>	<u>(145,469)</u>	<u>25,000</u>	<u>375,650</u>
<b>Restricted fixed asset funds</b>						
Fixed asset funds	6,766,164	10,477	(189,422)	145,469	-	6,732,688
Total restricted funds	<u>7,071,126</u>	<u>2,642,837</u>	<u>(2,630,625)</u>	<u>-</u>	<u>25,000</u>	<u>7,108,338</u>
Total of funds	<u>7,209,461</u>	<u>2,725,698</u>	<u>(2,700,924)</u>	<u>-</u>	<u>25,000</u>	<u>7,259,235</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General unrestricted funds	98,933	89,368	(49,966)	-	-	138,335
	<u>98,933</u>	<u>89,368</u>	<u>(49,966)</u>	<u>-</u>	<u>-</u>	<u>138,335</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	500,588	2,072,308	(1,777,681)	(72,221)	-	722,994
Other restricted funds	83,180	565,271	(511,483)	-	-	136,968
Pension reserve	(226,000)	-	(24,000)	-	(305,000)	(555,000)
	<u>357,768</u>	<u>2,637,579</u>	<u>(2,313,164)</u>	<u>(72,221)</u>	<u>(305,000)</u>	<u>304,962</u>

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

**Restricted fixed asset funds**

Fixed asset funds	6,847,420	10,052	(163,529)	72,221	-	6,766,164
	<u>6,847,420</u>	<u>10,052</u>	<u>(163,529)</u>	<u>72,221</u>	<u>-</u>	<u>6,766,164</u>
Total restricted funds	<u>7,205,188</u>	<u>2,647,631</u>	<u>(2,476,693)</u>	<u>-</u>	<u>(305,000)</u>	<u>7,071,126</u>
Total of funds	<u>7,304,121</u>	<u>2,736,999</u>	<u>(2,526,659)</u>	<u>-</u>	<u>(305,000)</u>	<u>7,209,461</u>

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

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

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

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes pupil premium and other local authority funding for which income received is used to cover costs associated with these activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme. An amount of £216,000 was transferred to the Academy Trust in respect of the deficit on this pension scheme at the date of conversion to an Academy. As at 31 August 2017 the fund is in deficit by £621,000 but given the nature of the liability this is not payable immediately. There are plans in place to meet the deficit such that it is not a constraint on reserves.

The transfer between the restricted General Annual Grant fund and restricted fixed asset funds of £145,469 represents amounts capitalised during the year.

The restricted fixed asset fund was funded predominantly by the funds inherited on conversion from the Bedford Borough local authority following the transfer of the land and buildings.

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	6,732,688	6,732,688
Current assets	150,897	1,159,734	-	1,310,631
Creditors due within one year	-	(163,084)	-	(163,084)
Pension scheme liability	-	(621,000)	-	(621,000)
	<u>150,897</u>	<u>375,650</u>	<u>6,732,688</u>	<u>7,259,235</u>

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

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

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016 £	2016 £	2016 £	2016 £
Tangible fixed assets	-	-	6,766,164	6,766,164
Current assets	138,335	940,833	-	1,079,168
Creditors due within one year	-	(80,871)	-	(80,871)
Pension scheme liability	-	(555,000)	-	(555,000)
	<u>138,335</u>	<u>304,962</u>	<u>6,766,164</u>	<u>7,209,461</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	<b>24,774</b>	210,340
<b>Adjustment for:</b>		
Depreciation charges	<b>189,422</b>	163,528
Interest from investments	<b>(729)</b>	(1,834)
(Increase)/decrease in debtors	<b>(15,939)</b>	34,408
Increase/(decrease) in creditors	<b>82,213</b>	(39,629)
Capital grants from DfE and other capital income	<b>(10,477)</b>	(10,502)
Defined benefit pension scheme cost less contributions payable	<b>79,000</b>	15,000
Defined benefit pension scheme finance cost	<b>12,000</b>	9,000
<b>Net cash provided by operating activities</b>	<b><u>360,264</u></b>	<u>380,311</u>

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

	2017 £	2016 £
Cash in hand	<b>1,182,794</b>	967,270
<b>Total</b>	<b><u>1,182,794</u></b>	<u>967,270</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. PENSION COMMITMENTS**

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

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

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

**Teachers' Pension Scheme**

**INTRODUCTION**

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

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

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

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

**VALUATION OF THE TEACHERS' PENSION SCHEME**

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with *The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014*.

The valuation report was published by the Department on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;

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**19. PENSION COMMITMENTS (continued)**

- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

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

The employer's pension costs paid to TPS in the period amounted to £136,000 (2016 - £131,000).

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

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

**SCHEME CHANGES**

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £157,000 (2016 - £148,000), of which employer's contributions totalled £124,000 (2016 - £117,000) and employees' contributions totalled £33,000 (2016 - £31,000). The agreed contribution rates for future years are 22.3% for employers and

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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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**19. PENSION COMMITMENTS (continued)**

5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

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

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

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

	<b>At 31 August</b> <b>2017</b> <b>£</b>	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Discount rate -0.5%	<b>256,000</b>	221,000
Mortality assumption - 1 year increase	<b>51,000</b>	44,000
CPI rate +0.5%	<b>202,000</b>	134,000

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

**19. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	624,000	705,000
Debt instruments	164,000	92,000
Property	98,000	92,000
Cash	208,000	27,000
Total market value of assets	<u>1,094,000</u>	<u>916,000</u>

The actual return on scheme assets was £21,000 (2016 - £27,000).

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

	2017 £	2016 £
Current service cost	(203,000)	(132,000)
Interest income	21,000	27,000
Interest cost	(33,000)	(36,000)
Total	<u>(215,000)</u>	<u>(141,000)</u>
Actual return on scheme assets	<u>21,000</u>	<u>27,000</u>

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

	2017 £	2016 £
Opening defined benefit obligation	1,471,000	872,000
Current service cost	203,000	132,000
Interest cost	33,000	36,000
Employee contributions	33,000	31,000
Actuarial (gains)/losses	(24,000)	400,000
Benefits paid	(1,000)	-
Closing defined benefit obligation	<u>1,715,000</u>	<u>1,471,000</u>

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**19. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening fair value of scheme assets	916,000	646,000
Interest income	21,000	27,000
Actuarial gains	1,000	95,000
Employer contributions	124,000	117,000
Employee contributions	33,000	31,000
Benefits paid	(1,000)	-
	<u>1,094,000</u>	<u>916,000</u>
Closing fair value of scheme assets	<u>1,094,000</u>	<u>916,000</u>

The amounts recognised in the Balance Sheet are as follows:

	2017 £	2016 £
Closing defined benefit obligation	(1,715,000)	(1,471,000)
Closing fair value of scheme assets	1,094,000	916,000
	<u>(621,000)</u>	<u>(555,000)</u>
Net defined benefit pension scheme liability	<u>(621,000)</u>	<u>(555,000)</u>

**20. OPERATING LEASE COMMITMENTS**

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

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	7,554	8,742
Between 1 and 5 years	-	7,554
	<u>7,554</u>	<u>16,296</u>
Total	<u>7,554</u>	<u>16,296</u>

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



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. RELATED PARTY TRANSACTIONS**

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

No related party transactions took place in the period of account other than those disclosed in note 10.

**22. OTHER FINANCE INCOME**

	2017 £	2016 £
Interest income on pension scheme assets	21,000	27,000
Interest on pension scheme liabilities	(33,000)	(36,000)
	<u>(12,000)</u>	<u>(9,000)</u>

**23. MEMBERS' LIABILITY**

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