

Company Registration No. 08738750 (England and Wales)

**THE PRIMARY FIRST TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' STRATEGIC REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**



# THE PRIMARY FIRST TRUST

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# THE PRIMARY FIRST TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Directors

W Harwood (Chair)  
J D H Smith (Accounting officer)  
C Foster  
S Ristow (Resigned 9 December 2015)  
M J Wallbridge (Resigned 20 July 2016)  
A Spearman  
A Martin (Appointed 23 March 2016)  
S Rumbles (Appointed 23 March 2016)  
S Connington (Appointed 4 November 2016)

### Members

W Harwood  
S Ristow  
M Wallbridge  
A Spearman

### Senior leadership team

J D H Smith	- Chief Executive Officer
K Powell	- Leading Head Teacher
P Jones	- Leading Head Teacher
R Cox	- Director of Finance and Business Services

### Company registration number

08738750 (England and Wales)

### Registered office

The White House  
Clifton Marine Parade  
Gravesend  
Kent  
DA11 0DY  
United Kingdom

### Academies operated

Barnehurst Infant School  
Barnehurst Junior School  
Primary First Trust  
Cuxton Junior  
Cuxton Infant  
Mayplace Primary  
Lessness Heath Primary

### Location

Barnehurst  
Barnehurst  
Gravesend  
Cuxton  
Cuxton  
Barnehurst  
Lessness Heath

### Principal

C Malone  
C Malone  
J Smith  
S Jones  
S Jones  
R Flaherty  
K O'Connor

### Independent auditor

Wilkins Kennedy LLP  
Greytown House  
221-227 High Street  
Orpington  
Kent  
BR6 0NZ

# THE PRIMARY FIRST TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Bankers**

Lloyds Bank  
130-132 Broadway  
Bexleyheath  
Kent  
DA6 7DP

**Solicitors**

Charles Russell LLP  
Buryfields House  
Bury Fields  
Guildford  
Surrey  
GU2 4AZ

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2016

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The directors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates six academies for children aged 4 -11. The Academies are in the areas of Bexley and Medway in Kent. Please see below for pupil capacity:

Barnehurst Infant School:

Capacity of School	232 (180 +52 nursery)
Number on Roll	232
Number on roll of onsite Nursery	52

Barnehurst Junior School:

Capacity of School	240
Number on Roll	239
Number on roll of onsite Nursery	-

Cuxton Infant School:

Capacity of School	180
Number on Roll	176
Number on roll of onsite Nursery	-

Cuxton Junior School:

Capacity of School	240
Number on Roll	197
Number on roll of onsite Nursery	-

Lessness Heath Primary School:

Capacity of School	682
Number on Roll	635
Number on roll of onsite Nursery	37

Mayplace Primary School:

Capacity of School	477
Number on Roll	466
Number on roll of onsite Nursery	52

## Structure, governance and management

### Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no. 08738750) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. The Directors act as the Trustees for the charitable activities of The Primary First Trust. The charitable company is known as The Primary First Trust. Details of the Directors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

The Primary First Trust was incorporated on 18 October 2013 and is made up of six academies. All Academies have kept their original names, Barnehurst Infant School and Barnehurst Junior School obtained academy status from 1 November 2013. Cuxton Infant School and Cuxton Junior School and Mayplace Primary School obtained academy status from 1 September 2014 and Lessness Heath Primary obtained academy status from 1 April 2015.

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### 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.

### Principal activities

The principal activity of the Academy Trust is 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 schools and settings offering a broad and balanced curriculum.

### Method of recruitment and appointment or election of directors

The members of the Academy Trust shall comprise the signatories to the Memorandum, the chairman of the Directors, and any person appointed under Article 16.

The number of Directors shall be not less than 3, but shall not be subject to a maximum. Members will be appointed by the Directors except for the CEO who will have de facto membership.

Each Trust school shall have a local governing body that will consist of the following Governors; Governors appointed by the Primary First Trust, the Headteacher, two elected Parent Governors and two elected staff Governors.

The first Directors of The Primary First Trust shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.

Each of the persons entitled to appoint members above shall have the right, from time to time by written notice delivered to the Office, to remove any Member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any Director or Member shall be 4 years, save that this time limit shall not apply to the Headteacher or Chief Executive Officer subject to remaining eligible to be a particular type of Director, any Director or member may be re-appointed or re-elected.

### Policies and procedures adopted for the induction and training of directors

During the period under review the Trust Board of Directors held 3 full Directors meetings. The training and induction provided for new Directors will depend on their existing experience. All new Directors will be given a tour of the Academy and the chance to meet with staff and students. All relevant Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only two or three new Directors a year, induction tends to be done informally and is tailored specifically to the individual.

### Organisational structure

The structure consists of four management levels: the Primary First Trust Directors Board, The Executive Team, the Local Governing Body and the Academy Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Primary First Trust Directors Board are responsible for setting general policy, adopting an annual plan and budget monitoring for the Academies by the use of budget reports and making major decisions about the direction of the Primary First Trust, capital expenditure and senior staff appointments.

The Academy Leadership Team consists of the Headteacher, Deputy Heads, Assistant Heads of School and the Business Manager. These leaders control the Academy at school level implementing the policies laid down by themselves, the local governing body, the Executive Team or the Primary First Trust Directors Board. As a group, the Senior Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of non-senior staff. Appointments of senior leader posts will require Director's authorisation.

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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

The setting of the pay and remuneration for the Chief Executive Officer is devolved from the Primary First Trust Directors Board to a panel responsible for CEO performance management.

The pay and remuneration of the Executive Team below CEO level is set by the CEO and is aligned with Bexley local authority pay and conditions.

Head Teacher pay within all Trust schools is set using the formula within the pay and conditions document applicable at the time of appointment. A panel consisting of members of the Executive Team and the Local Governing Body will set the exact pay within the pay range identified within the pay and conditions document.

#### Related parties and other connected charities and organisations

##### **Objectives and activities**

##### Objects and aims

The principal object of the Academy 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, carrying on, managing and developing schools offering a broad and balanced curriculum.

##### **The Mission**

The goal of The Primary First Trust is to improve the quality of education provided to all children in all schools within the Trust. We are a community of schools who use each other as a resource to:

- Improve the quality of teaching.
- Improve the quality of leadership.
- Improve the breadth of curriculum experience

These will drive the ultimate aim:

To Improve the Educational Outcomes for Children in Primary Education.

#### Objectives, strategies and activities

The main objectives of the Academy during the period ended 31 August 2016 are summarised below:

- The Primary First Trust (PFT) is a multi-academy trust which is committed to improving the life chances of every child with whom they work. The Trust does this by:
- Developing a culture in which improving the quality of teaching is seen as central;
- Working with school leaders on developing the highest quality leadership systems and personnel;
- Ensuring children have a wide range of sporting, cultural and artistic experiences as well as an absolute understanding of the core skills.

The Primary First Trust community values diversity and seeks to give everyone in the school an equal chance to learn, work and live, free from the action, or fear, of racism, discrimination, or prejudice. By our actions we will work together to develop the potential of all pupils academically, socially, culturally and psychologically and to establish a community that is just and fair for all people who work at or visit The Primary First Trust.

Students will be happy and enthused by the intellectual, social and physical challenges posed by their experience at school. They will be independent learners, aware of how to learn and of the role of emotions and dispositions in the learning process, which they draw on to address challenge and difficulty.

All staff will have the opportunity to develop further as self-directed, reflective learners, through working collaboratively with others to enhance their own expertise. Through their passion, teachers will enthuse and inspire others to explore new ideas.

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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Parents will fulfill their roles as true partners, recognizing their role in the student- School - parent partnership to ensure that their child realizes his/her potential.

Directors will contribute to the life of the school on a wider scale, acting as critical friends to support the school in becoming a recognised centre of excellence.

### Public benefit

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set.

The Trust adopts the admission policies of the Local Education authority in which it works. For full details see the individual school websites.

### **Strategic report**

#### **Achievements and performance**

Pupils enter the Schools from a wide range of social, cultural and economic backgrounds. The Academies pride themselves on being inclusive Schools.

See below for the percentage of pupils eligible for free school meals, from ethnic minority backgrounds and on the Special Educational Needs register for each school:

#### **Barnehurst Infant School**

7% of pupils eligible for Free Schools Meals  
22% of pupils from ethnic minority backgrounds  
8% of children on SEN register

#### **Barnehurst Junior School**

6% of pupils eligible for Free Schools Meals  
18% of pupils from ethnic minority backgrounds  
10% of children on SEN register

#### **Cuxton Infant School**

1.87% of pupils eligible for Free Schools Meals  
17.05% of pupils from ethnic minority backgrounds  
6.25% of children on SEN register

#### **Cuxton Junior School**

5.58% of pupils eligible for Free Schools Meals  
17.26% of pupils from ethnic minority backgrounds  
13.20% of children on SEN register

#### **Lessness Heath Primary School**

10.5% of pupils eligible for Free Schools Meals  
25% of pupils from ethnic minority backgrounds  
8% of children on SEN register

#### **Mayplace Primary School**

6% of pupils eligible for Free Schools Meals  
19% of pupils from ethnic minority backgrounds  
14% of children on SEN register



# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

To ensure that standards are continually raised the Academy: operates a programme of internal and external reviews of curriculum areas and has an external quality assurance review as part of its membership of Challenge Partners.

Using the key performance indicators in the new Ofsted framework the Executive Team currently grades:

Barnehurst Infant School as 'Outstanding'  
 Barnehurst Junior School as 'Outstanding'  
 Cuxton Infant School as 'Good'  
 Cuxton Junior School as 'Good'  
 Mayplace Primary School as 'Good'  
 Lessness Heath Primary School as 'Requires Improvement'

This is supported by the latest Ofsted inspections and the Primary First Trust Internal monitoring systems.

#### Key performance indicators

The main KPI is the Ofsted Framework for Inspection. Inspectors must judge the quality of education provided in the school. This is the overarching judgement.

In order to make a judgement about the quality of education provided in the school, inspectors must first make four key judgements. These are:

- the achievement of pupils at the school
- the quality of teaching in the school
- the behaviour and safety of pupils at the school.
- the quality of leadership in and management of the school

In addition, inspectors must also consider:

- the spiritual, moral, social and cultural development of pupils at the school
- the extent to which the education provided by the school meets the needs of the range of pupils at the school, and in particular the needs of:
- pupils who have a disability for the purposes of the Equality Act 2010
- pupils who have special educational needs.

#### KS2 2016 Attainment Outcomes – Barnehurst Junior School

<u>Expected</u>	<b>Current Year 6 KS1 Outcomes</b>		<b>2015 Year 6 National Average (Levels)</b>		<b>2015 Year 6 Actual</b>		<b>2016 Predicted (Expected)</b>	<b>2015 Pupil Premium Actual</b>		<b>2016 Pupil Premium Predicted (Expected)</b>
<b>Reading</b>	<b>L2b+</b>	<b>93</b>	<b>L4b+</b>	<b>80</b>	<b>L4b+</b>	<b>93</b>	<b>95</b>	<b>L4b+</b>	<b>80</b>	<b>88</b>
<b>Writing</b>	<b>L2b+</b>	<b>88</b>	<b>L4+</b>	<b>87</b>	<b>L4+</b>	<b>92</b>	<b>95</b>	<b>L4+</b>	<b>60</b>	<b>88</b>
<b>Maths</b>	<b>L2b+</b>	<b>93</b>	<b>L4b+</b>	<b>77</b>	<b>L4b+</b>	<b>98</b>	<b>93</b>	<b>L4b+</b>	<b>90</b>	<b>75</b>
<b>EGPS</b>			<b>L4b+</b>	<b>73</b>		<b>82</b>	<b>95</b>	<b>L4b+</b>	<b>67</b>	<b>75</b>
<b>Combined Eng and Maths</b>			<b>L4+</b>	<b>80</b>		<b>90</b>	<b>94</b>	<b>L4+</b>	<b>75</b>	<b>75</b>

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

<u>Working at Greater Depth/ Higher Score</u>	Current Year 6 KS1 Outcomes		2015 Year 6 National Average (Levels)		2015 Year 6 Actual		2016 Predicted (WaGD/ Higher Score)	2015 Pupil Premium Actual		2016 Pupil Premium Predicted (WaGD/ Higher Score)
Reading (110)	L3+		L5+	48	L5+	57	48	L5+		0
Writing (113)	L3+		L5+	36	L5+	60	31	L5+		22
Maths (110)	L3+		L5+	41	L5+	52	50	L5+		14
EGPS (110)			L5+	55	L5+	65	50	L5+		22
Combined Eng and Maths (Both 110)			L5+	24	L5+	35	15	L5+		

### KS2 2016 Attainment Outcomes – Cuxton Junior School

<u>Expected</u>	Current Year 6 KS1 Outcomes		2015 Year 6 National Average (Levels)		2015 Year 6 Actual		2016 Predicted (Expected)	2015 Pupil Premium Actual		2016 Pupil Premium Predicted (Expected)
Reading	L2b+	73	L4b+	80	L4b+	83	86	L4b+	85	86
Writing	L2b+	69	L4+	87	L4+	87	86	L4+	73	86
Maths	L2b+	81	L4b+	77	L4b+	72	76	L4b+	69	86
EGPS			L4b+	73	L4b+	59	76	L4b+	77	86
Combined Eng and Maths			L4+	80	L4+	74	73	L4+	55	86

<u>Working at Greater Depth/ Higher Score</u>	Current Year 6 KS1 Outcomes		2015 Year 6 National Average (Levels)		2015 Year 6 Actual		2016 Predicted (WaGD/ Higher Score)	2015 Pupil Premium Actual		2016 Pupil Premium Predicted (WaGD/ Higher Score)
Reading (110)	L3+	23	L5+	48	L5+	39	41	L5+	9	29
Writing (113)	L3+	13	L5+	36	L5+	33	33	L5+	18	29
Maths (110)	L3+	17	L5+	41	L5+	26	41	L5+	0	14
EGPS (110)			L5+	55	L5+	39	33	L5+	9	29
Combined Eng and Maths (Both 110)			L5+	24	L5+	20	18	L5+	0	0

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### KS2 2016 Attainment Outcomes – Lessness Heath Primary School

<u>Expected</u>	Current Year 6 KS1 Outcomes		2015 Year 6 National Average (Levels)		2015 Year 6 Actual		2016 Predicted (Expected )	2015 Pupil Premium Actual		2016 Pupil Premium Predicted (Expected)
Reading	L2b+	68	L4b+	90	L4b+	68	78	L4b+	67	60
Writing	L2b+	59	L4+	80	L4+	70	76	L4+	59	61
Maths	L2b+	64	L4b+	77	L4b+	63	74	L4b+	56	66
EGPS			L4b+	73	L4b+	63	75	L4b+	56	62
Combine d Eng and Maths			L4+	80	L4+	60	72	L4+	44	53

<u>Working at Greater Depth/ Higher Score</u>	Current Year 6 KS1 Outcomes		2015 Year 6 National Average (Levels)		2015 Year 6 Actual		2016 Predicted (WaGD/ Higher Score)	2015 Pupil Premium Actual		2016 Pupil Premium Predicted (WaGD/ Higher Score)
Reading (110)	L3+	26	L5+	58	L5+	39	45	L5+	41	29
Writing (113)	L3+	11	L5+	24	L5+	26	32	L5+	26	3
Maths (110)	L3+	31	L5+	42	L5+	29	45	L5+	30	29
EGPS (110)			L5+	56	L5+	46	47	L5+	33	39
Combine d Eng and Maths (Both 110)			L5+		L5+	16	24	L5+	15	26

### KS2 2016 Attainment Outcomes – Mayplace Primary School

	Current Year 6 KS1 Outcomes		2015 Year 6 National Average (Levels)		2015 Year 6 Actual		2016 Predicted (expected )	2015 Pupil Premium Actual		2016 Pupil Premium Predicted (Expected )
Reading	L2b+	73	L4b+	80	L4b+	86	79%	L4b+	73	75
Writing	L2b+	63	L4+	87	L4+	96	82%	L4+	100	81
Maths	L2b+	84	L4b+	77	L4b+	81	75%	L4b+	64	94
EGPS			L4b+	73	L4b+	74	70%	L4b+	55	69
Combined Eng and Maths			L4+	80	L4+	84	70%	L4+	83	50

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

<u>Working at Greater Depth/ Higher Score</u>	Current Year 6 KS1 Outcomes		2015 Year 6 National Average (Levels)		2015 Year 6 Actual		2016 Predicted (WaGD/ Higher Score)	2015 Pupil Premium Actual		2016 Pupil Premium Predicted (WaGD/ Higher Score)
Reading (110)	L3+	29	L5+	48	L5+	49	38	L5+	33	25
Writing (113)	L3+	16	L5+	36	L5+	46	48	L5+	25	44
Maths (110)	L3+	23	L5+	41	L5+	47	43	L5+	17	25
EGPS (110)			L5+	55	L5+	63	41	L5+	42	25
Combined Eng and Maths (Both 110)			L5+	24	L5+	25	29	L5+	8	19

### Going Concern

The Board of Directors 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

### **Financial review**

Most of the Academy's income is obtained from the Education Funding Agency (EFA) and the Local Authority in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2016, total expenditure of £9,833k (2015:£7,581k) was met by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the period (excluding pension deficit on conversion, restricted fixed asset funds and transfers to restricted fixed asset funds) was £637k (2015: £659k income over expenditure) .

At 31 August 2016 the net book value of fixed assets was £16,932k (2015: £17,123k). Movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government pension scheme, in which the Academy participates, showed a deficit of £2,721k (2015: £1,445k) at 31 August 2016.

### Reserves policy

The directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The directors have determined that the appropriate level of free reserves should be equivalent to 4 week's expenditure, which is approximately £600k (2015: £600k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves is £177k (2015: £963k) (total funds less the amount held in fixed assets and restricted funds).

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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Directors were concerned at 2015 with the large level of free reserves and have undertaken a process of reducing these. However, our currently level of £177k is below the £600K reserves policy and we will work with individual schools throughout the financial year 16-17 to ensure that we come closer to that £600K figure. In discussion with other Trusts and auditors we are aware that very few trusts, particularly primary ones, are able to achieve this amount as individual schools were encouraged to have between 4-5% of their budget carried forward. The achievement of the reserves figure has to be set against the impact that could have on operational levels within individual schools. The Trust will continue to monitor its reserves level to ensure that it remain functional.

The Academy held fund balances at 31 August 2016 of £14,708k (2015: £16,787k) comprising £14,531k (2015: £15,824k) of restricted funds and £177k (2015: £963k) of unrestricted general funds. Of the restricted funds, £16,932 (2015: £17,123k) is represented by tangible fixed assets, and £320k (£146k) of general restricted funds. The Pension reserve which is considered part of restricted funds was £2,721k (2015: £1,445k) in deficit.

#### Investment policy and powers

Under the Memorandum and Articles of Association, the academy has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

#### Principal risks and uncertainties

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Directors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 13.

The principal risks to the Primary First Trust are:

1. Failure to achieve the highest quality standards for children. In order to mitigate this risk Directors ensure high quality recruitment and performance management of all senior staff. All systems and processes are focussed on school improvement, there is a rigorous monitoring and accountability system focussing on children's outcomes.
2. Failure to use funds effectively. Financial management processes are being re-defined to ensure there is clarity over financial accountability which ensures principles of best value, transparency of information and a focus on core work.
3. The increase in portfolio means the trust has to ensure greater level of central compliance. The trust is putting in place a range of both internal and external systems to ensure compliance with statutory and industry specific guidelines.

The Primary First Trust has an online risk register that lists the key risks and discusses mitigating factors. This is reviewed on a month basis both in terms of ensuring that the mitigating factors are still relevant and whether any of the action plans need reviewing.

#### Financial and risk management objectives and policies

The financial risks to which The Academy is exposed to relate primarily to:

- Change in government and legislation
- Potential of reduced funding and cash flow
- Reduction in student numbers

A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £2,721k (2015: £1,445k).

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **Plans for future periods**

The Trust will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students are fully prepared for the next steps in their school life. At Board level the Trust will work with Local Authorities, the Department for Education and individual schools to grow the number of schools at a manageable rate.

The schools know their strengths and weaknesses based on continual self-assessment. External validation through an annual programme of external review- is well used to formulate developments. The School Development Plan is succinct and well-focussed on key developmental areas. Subject areas also assess their outcomes and plan developments accordingly.

Subject areas that are underperforming are challenged and supported so that improvements are made. Colleagues that require support to improve their own professional practice are similarly challenged and supported. Interventions for students are thorough, although these are being modified to focus even more clearly on key strategic areas for improvement.

The culture is one of openness and senior staff and teaching staff are clear about the need to collaborate and commit to their own professional development.

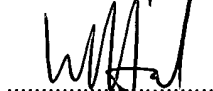
### **Auditor**

In so far as the directors are aware:

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

A resolution proposing that Wilkins Kennedy LLP be reappointed as auditor of the charitable company will be put to the members.

The directors' report, incorporating a strategic report, was approved by order of the board of directors on 14/12/16 and signed on its behalf by:



W Harwood

**Chair**

# THE PRIMARY FIRST TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Scope of responsibility

As directors we acknowledge we have overall responsibility for ensuring that The Primary First 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 board of directors has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Primary First Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met three times during the year. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
W Harwood (Chair)	3	3
J D H Smith (Accounting officer)	3	3
C Foster	3	3
S Ristow (Resigned 9 December 2015)	1	1
M J Wallbridge (Resigned 20 July 2016)	3	3
A Spearman	3	3
A Martin (Appointed 23 March 2016)	2	2
S Rumbles (Appointed 23 March 2016)	2	2
S Connington (Appointed 4 November 2016)	0	0

During the course of the year there has been a review of governance which has led to the following changes. The number of members was three at the beginning of the year. It is now four and the Trust is working towards having five by early 2017 to bring it in line with the best practice principles contained within the EFA handbook.

The Trust has removed all local governors from its Board of Directors to ensure that there is clear lines of accountability between the two governance processes. The Board of Directors has undertaken a recruitment campaign with Academy Ambassadors and SGOS to move the number from five to seven and has a target of ten by 2017. The Board of Directors has re-written the Decision Making matrix to make sure there is clarity on where responsibility and accountability lies at all operational and governance levels.

### Review of value for money

As accounting officer the principal has responsibility for ensuring that the 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 PRIMARY FIRST TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the trust has delivered improved value for money during the year by:

- Over the past financial year the Trust has achieved Value for Money because results in all of the schools that were in the Trust for the whole financial year have improved significantly.
- There are reductions in the achievement gap between free school meal and non-free school meal children.
- The introduction of Easter Schools provided the opportunity for pupils throughout the Trust to improve performance.
- The Trust has reviewed staffing in a number of schools and made significant savings in leadership and support levels.
- The Trust has identified service level agreements and is currently recruiting to posts which will reduce costs against those service level agreements.
- The finance committees of each individual school identified areas of improvement and acted upon them.
- The Trust brought a number of financial processes in house and reduced auditing costs significantly.
- The Trust has engaged with external providers and followed its best value statement in the procurement of contracts across all schools.

#### **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 on-going process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Primary First Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

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

#### **The risk and control framework**

The 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 board of directors;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint a Responsible Officer. However, the Governors have appointed Wilkins Kennedy LLP, to complete the internal audit function. Wilkins Kennedy LLP's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.



# THE PRIMARY FIRST TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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

- Testing of control systems
- Testing of control account/ bank reconciliation
- Review of policies and procedures and adherence thereon
- Review of governance and training of Governors

Wilkins Kennedy LLP reports to the Governing body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. The role is carried out by a separate team at Wilkins Kennedy LLP with no connection to the audit team, this is to ensure the reviews are carried out independently.

Wilkins Kennedy LLP have delivered their schedule of work as planned and all recommendations have been actioned.

### **Review of effectiveness**

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer
- the work of the external auditor;
- the financial management and governance self-assessment process
- the work of the executive managers within the 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 Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of directors on 14/12/16 and signed on its behalf by:



W Harwood  
Chair



J D H Smith  
Accounting officer

# THE PRIMARY FIRST TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

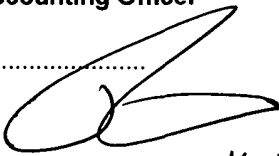
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As accounting officer of The Primary First Trust I have considered my responsibility to notify the trust board of directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding,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

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

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

J D H Smith  
Accounting Officer

.....  
  
14.12.16.

# THE PRIMARY FIRST TRUST

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2016**

The directors (who also act as trustees for The Primary First Trust) are responsible for preparing the Directors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

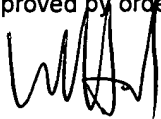
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The directors 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 accounts 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 directors 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 that grants received from EFA/DfE have been applied for the purposes intended.

The directors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of directors on 14/12/16 and signed on its behalf by:



W Harwood  
Chair

# THE PRIMARY FIRST TRUST

## INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF THE PRIMARY FIRST TRUST

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We have audited the accounts of The Primary First Trust for the year ended 31 August 2016 set out on pages 22 to 43. The financial reporting framework that has been applied in their preparation is applicable law and 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 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company'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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors, who also act as trustees for the charitable activities of The Primary First Trust, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounts**

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

### **Opinion on accounts**

In our opinion the accounts:

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

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

# THE PRIMARY FIRST TRUST

## INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF THE PRIMARY FIRST TRUST (CONTINUED)

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### Matters on which we are required to report by exception

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

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

*Michelle Wilkes Cereddy CP*

Michelle Wilkes (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy LLP

### Chartered Accountants

#### Statutory Auditor

Greytown House  
221-227 High Street  
Orpington  
Kent  
BR6 0NZ

Dated: 19/12/16

# THE PRIMARY FIRST TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE PRIMARY FIRST TRUST AND THE EDUCATION FUNDING AGENCY

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In accordance with the terms of our engagement letter dated 11 February 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Primary First Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of The Primary First Trust's accounting officer and the reporting accountant**

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

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

### **Approach**

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

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

# THE PRIMARY FIRST TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE PRIMARY FIRST TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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### 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 period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Wilkins Kennedy LLP*

### Reporting Accountant

Wilkins Kennedy LLP  
Greytown House  
221-227 High Street  
Orpington  
Kent  
BR6 0NZ

Dated: 19/12/16

# THE PRIMARY FIRST TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2016 £'000	Total 2015 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	63	3	-	66	91
Donations - transfer from local authority on conversion		-	-	-	-	13,073
Charitable activities:						
- Funding for educational operations	5	-	8,604	-	8,604	7,056
Other trading activities	3	215	-	-	215	154
Investments	4	1	-	-	1	1
<b>Total income and endowments</b>		279	8,607	-	8,886	20,375
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	7	117	9,406	310	9,833	7,581
<b>Total expenditure</b>	6	117	9,406	310	9,833	7,581
<b>Net income/(expenditure)</b>		162	(799)	(310)	(947)	12,794
Transfers between funds		(948)	829	119	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(1,132)	-	(1,132)	(1)
<b>Net movement in funds</b>		(786)	(1,102)	(191)	(2,079)	12,793
<b>Reconciliation of funds</b>						
Total funds brought forward		963	(1,299)	17,123	16,787	3,994
Total funds carried forward		177	(2,401)	16,932	14,708	16,787



# THE PRIMARY FIRST TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2015		Funds	General	Fixed asset	2015
	Notes	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>					
Donations and capital grants	2	88	3	-	91
Donations - transfer from local authority on conversion		706	(1,048)	13,415	13,073
Charitable activities:					
- Funding for educational operations	5	-	7,056	-	7,056
Other trading activities	3	154	-	-	154
Investments	4	1	-	-	1
<b>Total income and endowments</b>		<u>949</u>	<u>6,011</u>	<u>13,415</u>	<u>20,375</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	7	<u>64</u>	<u>7,285</u>	<u>232</u>	<u>7,581</u>
<b>Total expenditure</b>	6	<u>64</u>	<u>7,285</u>	<u>232</u>	<u>7,581</u>
<b>Net income/(expenditure)</b>		885	(1,274)	13,183	12,794
Transfers between funds		(190)	62	128	-
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(1)	-	(1)
<b>Net movement in funds</b>		<u>695</u>	<u>(1,213)</u>	<u>13,311</u>	<u>12,793</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>268</u>	<u>(86)</u>	<u>3,812</u>	<u>3,994</u>
Total funds carried forward		<u>963</u>	<u>(1,299)</u>	<u>17,123</u>	<u>16,787</u>

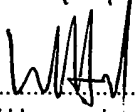
# THE PRIMARY FIRST TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		16,932		17,123
<b>Current assets</b>					
Debtors	13	368		484	
Cash at bank and in hand		838		1,164	
		<u>1,206</u>		<u>1,648</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	<u>(709)</u>		<u>(539)</u>	
<b>Net current assets</b>			<u>497</u>		<u>1,109</u>
<b>Net assets excluding pension liability</b>			<u>17,429</u>		<u>18,232</u>
Defined benefit pension liability	18		<u>(2,721)</u>		<u>(1,445)</u>
<b>Net assets</b>			<u><u>14,708</u></u>		<u><u>16,787</u></u>
<b>Funds of the trust:</b>					
<b>Restricted funds</b>	16				
- Fixed asset funds			16,932		17,123
- Restricted income funds			320		146
- Pension reserve			<u>(2,721)</u>		<u>(1,445)</u>
<b>Total restricted funds</b>			<u>14,531</u>		<u>15,824</u>
<b>Unrestricted income funds</b>	16		<u>177</u>		<u>963</u>
<b>Total funds</b>			<u><u>14,708</u></u>		<u><u>16,787</u></u>

The accounts set out on pages 22 to 43 were approved by the board of directors and authorised for issue on 19/11/16 and are signed on its behalf by:

  
 W Harwood  
 Chair

Company Number 08738750

# THE PRIMARY FIRST TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	19		(206)		60
Cash funds transferred on conversion			-		706
			(206)		766
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		1		1	
Payments to acquire tangible fixed assets		(119)		(128)	
			(118)		(127)
<b>Cash flows from financing activities</b>					
Financing costs		(2)		(1)	
			(2)		(1)
<b>Change in cash and cash equivalents in the reporting period</b>			(326)		638
Cash and cash equivalents at 1 September 2015			1,164		526
<b>Cash and cash equivalents at 31 August 2016</b>			838		1,164

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2016

---

#### 1 Accounting policies

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

##### 1.1 Basis of preparation

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

The Primary First Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of The Primary First Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

##### 1.2 Going concern

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

##### 1.3 Income

All incoming resources are recognised when the trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

###### Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

###### Donations

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.

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies

(Continued)

#### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the trust has provided the goods or services.

#### Donated goods, facilities and services

The value of donated services and gifts in kind provided to the trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, 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 trust's policies.

#### Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

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

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

#### Governance costs

These include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management, directors' meetings and reimbursed expenses.

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds the cost is transferred to the restricted fixed asset fund, depreciation on such assets is charged to the restricted fixed asset fund.

The properties have been included at the valuations provided by the EFA when completing their desktop valuation.

The academy has 125 year leases on the land and buildings with the relevant local authorities.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	Buildings 2%; Land is not depreciated
Computer equipment	33.3%
Fixtures, fittings & equipment	25%

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.

#### 1.6 Liabilities

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

#### 1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 Taxation

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

#### 1.9 Pensions benefits

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

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

#### 1.10 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education 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.

#### 1.11 Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

The 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 36, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.]

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### Critical areas of judgement

##### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Bad debts*

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

### 2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Private sponsorship	-	3	3	-
Other donations	63	-	63	91
	<u>63</u>	<u>3</u>	<u>66</u>	<u>91</u>

### 3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	44	-	44	57
Catering income	105	-	105	64
Other income	66	-	66	33
	<u>215</u>	<u>-</u>	<u>215</u>	<u>154</u>

### 4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>



# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 5 Funding for the trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	7,233	7,233	5,870
Start up grants	-	-	-	70
Other DfE / EFA grants	-	811	811	648
	<u>-</u>	<u>8,044</u>	<u>8,044</u>	<u>6,588</u>
<b>Other government grants</b>				
Local authority grants	-	560	560	465
	<u>-</u>	<u>560</u>	<u>560</u>	<u>465</u>
<b>Other funds</b>				
Other incoming resources	-	-	-	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
<b>Total funding</b>	<u>-</u>	<u>8,604</u>	<u>8,604</u>	<u>7,056</u>

### 6 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
<b>Academy's educational operations</b>					
- Direct costs	6,361	240	502	7,103	5,364
- Allocated support costs	1,156	329	1,245	2,730	2,217
	<u>7,517</u>	<u>569</u>	<u>1,747</u>	<u>9,833</u>	<u>7,581</u>
<b>Total expenditure</b>	<u>7,517</u>	<u>569</u>	<u>1,747</u>	<u>9,833</u>	<u>7,581</u>

### Net income/(expenditure) for the year includes:

	2016 £'000	2015 £'000
Fees payable to auditor for:		
- Audit	22	27
- Other services	11	11
Operating lease rentals	144	101
Depreciation of tangible fixed assets	310	232
	<u>487</u>	<u>371</u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 6 Expenditure

(Continued)

#### Central services

The trust has provided the following central services to its academies during the year:

- Governance services
- Educational Improvement, management and support services
- Financial services
- Communication and marketing services
- Staff Training and Personal Development Services

The trust charges for these services on the following basis:

Schools in Special Measures / Requiring Improvement:  
5.9% of GAG School Budget Share plus 60% of GAG ESG Funding

Schools in Good / Outstanding Category:  
3.8% of GAG School Budget Share plus 50% of GAG ESG Funding

The amounts charged during the year were as follows:

	<b>Total £'000</b>
Barnehurst Infant School	47
Barnehurst Junior School	57
Primary First Trust	-
Cuxton Junior	58
Cuxton Infant	42
Mayplace Primary	116
Lessness Heath Primary	234
	<u>554</u>

### 7 Charitable activities

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2016 £'000</b>	<b>Total 2015 £'000</b>
Direct costs - educational operations	-	7,103	7,103	5,364
Support costs - educational operations	117	2,613	2,730	2,217
	<u>117</u>	<u>9,716</u>	<u>9,833</u>	<u>7,581</u>
			<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Analysis of support costs</b>				
Support staff costs			1,156	945
Depreciation and amortisation			70	33
Technology costs			134	114
Premises costs			468	357

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

<b>7</b>	<b>Charitable activities</b>	<b>(Continued)</b>	
	Other support costs	858	692
	Governance costs	44	76
		<u>2,730</u>	<u>2,217</u>
<b>8</b>	<b>Governance costs</b>		
	<b>All from restricted funds:</b>	<b>Total 2016 £'000</b>	<b>Total 2015 £'000</b>
	<b>Amounts included in support costs</b>		
	Legal and professional fees	8	25
	Auditor's remuneration		
	- Audit of financial statements	22	27
	- Other audit costs	11	11
	Support staff costs	-	3
	Other governance costs	3	10
		<u>44</u>	<u>76</u>
<b>9</b>	<b>Staff costs</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
	Wages and salaries	5,449	4,500
	Social security costs	349	233
	Operating costs of defined benefit pension schemes	945	674
	Staff costs	6,743	5,407
	Supply staff costs	675	217
	Staff development and other staff costs	99	63
	Total staff expenditure	<u>7,517</u>	<u>5,687</u>
	<b>Staff numbers</b>		
	The average number of persons employed by the trust during the year was as follows:		
		<b>2016 Number</b>	<b>2015 Number</b>
	Teachers	112	116
	Administration and support	164	164
	Management	4	4
		<u>280</u>	<u>284</u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 9 Staff costs

(Continued)

#### Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	3	2
£70,001 - £80,000	3	2
£80,001 - £90,000	1	-
£110,001 - £120,000	-	1
£130,001 - £140,000	1	-
	<u>      </u>	<u>      </u>

#### Key management personnel

The key management personnel of the trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £516k (2015: £ 245k).

### 10 Directors' remuneration and expenses

Two directors has been paid remuneration or has received other benefits from an employment with the trust. The CEO and other staff directors only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the trust in respect of their role as directors.

The value of directors' remuneration and other benefits was as follows:

#### J Smith (Chief Executive Officer):

- Remuneration £135,000 - £140,000 (2015: £115,000- £120,000)
- Employer's pension contributions £30,000 - £35,000 (2014: £15,000- £20,000)

#### C Foster(Staff):

- Remuneration £30,000 - £35,000 (2015: £25,000- £30,000)
- Employer's pension contributions £5,000 - £10,000 (2014: £0- £5,000)

During the year, two Directors (one Director) expenses were reimbursed or paid directly amounting to £1,334 (2015: £45) for travel and equipment.

Other related party transactions involving the directors are set out within the related parties note.

### 11 Directors and officers insurance

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

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2015	17,276	59	73	17,408
Additions	-	75	44	119
At 31 August 2016	17,276	134	117	17,527
<b>Depreciation</b>				
At 1 September 2015	244	22	19	285
Charge for the year	240	44	26	310
At 31 August 2016	484	66	45	595
<b>Net book value</b>				
At 31 August 2016	16,792	68	72	16,932
At 31 August 2015	17,032	37	54	17,123

Included in land and buildings is land valued at £5,266k (2015: £5,266k) which is not depreciated.

### 13 Debtors

	2016 £'000	2015 £'000
Trade debtors	1	285
VAT recoverable	139	66
Prepayments and accrued income	228	133
	368	484

### 14 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	112	145
Other taxation and social security	131	89
Other creditors	19	24
Accruals and deferred income	447	281
	709	539

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

<b>15 Deferred income</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income is included within:		
Creditors due within one year	217	134
	<u>          </u>	<u>          </u>
Deferred income at 1 September 2015	134	35
Released from previous years	(134)	(35)
Amounts deferred in the year	217	134
	<u>          </u>	<u>          </u>
<b>Deferred income at 31 August 2016</b>	<b>217</b>	<b>134</b>
	<u>          </u>	<u>          </u>

At the balance sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals, pupil premium, school trips, growth funding, and breakfast club which has been received in advance relating to the year 2016/17.

<b>16 Funds</b>	<b>Balance at 1</b>	<b>Incoming</b>	<b>Resources</b>	<b>Gains, losses</b>	<b>Balance at 31</b>
	<b>September 2015</b>	<b>resources</b>	<b>expended</b>	<b>&amp; transfers</b>	<b>August 2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Restricted general funds</b>					
General Annual Grant	146	7,233	(7,888)	829	320
Other DfE / EFA grants	-	811	(811)	-	-
Other government grants	-	560	(560)	-	-
Other restricted funds	-	3	(3)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Funds excluding pensions	146	8,607	(9,262)	829	320
Pension reserve	(1,445)	-	(144)	(1,132)	(2,721)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	(1,299)	8,607	(9,406)	(303)	(2,401)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Restricted fixed asset funds</b>					
General fixed asset fund	17,123	-	(310)	119	16,932
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total restricted funds</b>	<b>15,824</b>	<b>8,607</b>	<b>(9,716)</b>	<b>(184)</b>	<b>14,531</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Unrestricted funds</b>					
General funds	963	279	(117)	(948)	177
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds</b>	<b>16,787</b>	<b>8,886</b>	<b>(9,833)</b>	<b>(1,132)</b>	<b>14,708</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 16 Funds

(Continued)

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

General Annual Grant: Income received from the EFA to cover the normal running costs of the Academy.

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

Other DFE/EFA grants: This includes the pupil premium, devolved formula capital grant, sports grant universal infant free school meals, rates grant and insurance grant.

Other government grants: This includes High Needs top-up, EYFS grant, pupil premium and additional PAN funding all received from local authority.

Other restricted grants: This includes donations from the PTA for educational supplies.

The transfer of funds relate to the purchase of fixed assets during the period and to cover the additional costs over and above those covered by the GAG funding within individual schools.

#### Analysis of academies by fund balance

	Total £'000
Fund balances at 31 August 2016 were allocated as follows:	
Barnehurst Infant School	130
Barnehurst Junior School	191
Primary First Trust	(77)
Cuxton Junior	31
Cuxton Infant	37
Mayplace Primary	97
Lessness Heath Primary	88
	<hr/>
Funds excluding fixed asset fund and pensions reserve	497
	<hr/>
Restricted fixed asset fund	16,932
Pension reserve	(2,721)
	<hr/>
Total funds	14,708
	<hr/>

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 16 Funds

(Continued)

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Barnehurst Infant School	688	112	34	173	1,007
Barnehurst Junior School	643	155	54	202	1,054
Primary First Trust	409	211	1	249	870
Cuxton Junior	625	91	24	112	852
Cuxton Infant	390	84	20	184	678
Mayplace Primary	1,518	222	82	304	2,126
Lessness Heath Primary	1,989	281	142	524	2,936
	<u>6,262</u>	<u>1,156</u>	<u>357</u>	<u>1,748</u>	<u>9,523</u>

### 17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	16,932	16,932
Current assets	177	1,029	-	1,206
Creditors falling due within one year	-	(709)	-	(709)
Defined benefit pension liability	-	(2,721)	-	(2,721)
	<u>177</u>	<u>(2,401)</u>	<u>16,932</u>	<u>14,708</u>

### 18 Pensions and similar obligations

The trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the local authority of the individual schools. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £19k (2015: 25k) were payable to the schemes at 31 August 2016 and are included within creditors.



# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 18 Pensions and similar obligations

(Continued)

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £473k (2015: £402k).

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

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

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 24.6% for employers and 5.5-12.8% for employees. The estimated value of employer contributions for the forthcoming year is £390k (2015: £330k).

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 18 Pensions and similar obligations

(Continued)

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.

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	379	280
Employees' contributions	115	75
Total contributions	494	355

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.3	4.0
Rate of increase for pensions in payment	1.9	2.4
Discount rate	2.1	3.9
Inflation assumption (CPI)	1.8	2.4

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

	2016 Years	2015 Years
Retiring today		
- Males	23.2	23.0
- Females	25.5	24.4
Retiring in 20 years		
- Males	25.6	25.3
- Females	28.5	28.1

The trust's share of the assets in the scheme	2016 Fair value £'000	2015 Fair value £'000
Equities	1,660	1,117
Other bonds	222	167
Cash	313	38
Property	42	220
Other assets	382	265
Total market value of assets	2,619	1,807
Actual return on scheme assets - gain/(loss)	378	11

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 18 Pensions and similar obligations

(Continued)

Amounts recognised in the statement of financial activities	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	458	323
Net interest cost	51	42
Administration costs	14	10
Total operating charge	523	375
Changes in the present value of defined benefit obligations	2016 £'000	2015 £'000
Obligations at 1 September 2015	3,252	626
Obligations acquired on conversion	-	2,180
Current service cost	458	323
Interest cost	131	97
Employee contributions	115	75
Actuarial loss	1,430	(33)
Benefits paid	(46)	(16)
At 31 August 2016	5,340	3,252
Changes in the fair value of the trust's share of scheme assets	2016 £'000	2015 £'000
Assets at 1 September 2015	1,807	357
Assets acquired on conversion	-	1,132
Interest income	80	55
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain	298	(66)
Employer contributions	379	280
Employee contributions	115	75
Benefits paid	(46)	(16)
Administration costs	(14)	(10)
At 31 August 2016	2,619	1,807

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 19 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016 £'000	2015 £'000
Net income/(expenditure) for the reporting period	(947)	12,794
Adjusted for:		
Net deficit/(surplus) transferred on conversion	-	(13,073)
Investment income	(1)	(1)
Financing costs	2	1
Defined benefit pension costs less contributions payable	93	85
Defined benefit pension net finance cost/(income)	51	42
Depreciation of tangible fixed assets	310	232
(Increase)/decrease in debtors	116	(397)
Increase/(decrease) in creditors	170	377
<b>Net cash used in operating activities</b>	<b>(206)</b>	<b>60</b>

### 20 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

### 21 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	47	144
Amounts due in two and five years	-	47
	<b>47</b>	<b>191</b>

# THE PRIMARY FIRST TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 22 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

### 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

### 24 Reconciliations on adoption of FRS 102

#### Reconciliation of funds for the previous financial period

	1 September 2014 £'000	31 August 2015 £'000
Funds as reported under previous UK GAAP and under FRS 102	3,994	16,787

#### Reconciliation of net income for the previous financial period

	Notes	2015 £'000
Net income as reported under previous UK GAAP		12,826
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	i	(32)
Net income reported under FRS 102		12,794

#### Notes to reconciliations on adoption of FRS 102

##### i) Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income/expense by £32k and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.