

Company Registration No. 08738750 (England and Wales)

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

**DIRECTORS' STRATEGIC REPORT AND AUDITED FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

TUESDAY



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20/02/2018  
COMPANIES HOUSE

# 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  
A Spearman  
A Martin (Resigned 2 September 2017)  
S Rumbles  
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
C Eskelson	- Leading Head Teacher
R Cox	- Chief Financial Officer

### Company registration number

08738750 (England and Wales)

### Registered office

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

### Academies operated

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

### Location

Chatham  
Gravesend  
Barnehurst  
Barnehurst  
Gravesend  
Cuxton  
Cuxton  
Barnehurst  
Lessness Heath

### Principal

S Hamilton  
M Sexton  
C Malone  
C Malone  
J Smith  
M Harlin  
M Harlin  
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 2017

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The directors present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates eight 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 227  
Number on roll of onsite Nursery 49

Barnehurst Junior School:  
Capacity of School 240  
Number on Roll 240

Cuxton Infant School:  
Capacity of School 180  
Number on Roll 170  
Number on roll of onsite Nursery -

Cuxton Junior School:  
Capacity of School 240  
Number on Roll 205  
Number on roll of onsite Nursery -

Lessness Heath Primary School:  
Capacity of School 682  
Number on Roll 622  
Number on roll of onsite Nursery 43

Mayplace Primary School:  
Capacity of School 420 + nursery  
Number on Roll 416  
Number on roll of onsite Nursery 26

Wayfield Primary School:  
Capacity of School 210  
Number on Roll 206  
Number on roll of onsite Nursery 54

Westcourt Primary School:  
Capacity of School 270 (+52 nursery)  
Number on Roll 246  
Number on roll of onsite Nursery 32

#### **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

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Primary First Trust was incorporated on 18 October 2013 and is made up of eight 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. Lessness Heath Primary obtained academy status from 1 April 2015. Wayfield Primary School obtained academy status from 1st September 2016 and Westcourt Primary School obtained academy status from 1st February 2017.

### 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 and 2 finance committee 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.

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 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.

### 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.

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

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#### Objectives, strategies and activities

The main objectives of the Academy during the period ended 31 August 2017 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.

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.

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 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

8.8% of pupils eligible for Free Schools Meals  
9.3% of pupils from ethnic minority backgrounds  
7% of children on SEN register

#### Barnehurst Junior School

7.1% of pupils eligible for Free Schools Meals  
5.4% of pupils from ethnic minority backgrounds  
10.9% of children on SEN register

#### Cuxton Infant School

5.95% of pupils eligible for Free Schools Meals  
3.57% of pupils from ethnic minority backgrounds  
4.76% of children on SEN register

#### Cuxton Junior School

8.82% of pupils eligible for Free Schools Meals  
5.88% of pupils from ethnic minority backgrounds  
14.22% of children on SEN register

#### Lessness Heath Primary School

12.5% of pupils eligible for Free Schools Meals  
25% of pupils from ethnic minority backgrounds  
12% of children on SEN register

#### Mayplace Primary School

8.65% of pupils eligible for Free Schools Meals  
20% of pupils from ethnic minority backgrounds  
17.5% of children on SEN register

#### Wayfield Primary School

56% of pupils eligible for Free Schools Meals  
16.6% of pupils from ethnic minority backgrounds  
13.33% of children on SEN register

#### Westcourt Primary School

40% of pupils eligible for Free Schools Meals  
42% of pupils from ethnic minority backgrounds  
16% of children on SEN register

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

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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.

The schools within the trust currently hold the following Ofsted designations:

Barnehurst Infant School 'Outstanding'  
Barnehurst Junior School 'Outstanding'  
Cuxton Infant School 'Good'  
Cuxton Junior School 'Good'  
Mayplace Primary School 'Good'  
Lessness Heath Primary School (not inspected) graded 'Good' by Executive Team  
Wayfield Primary School (not inspected) graded 'RI' by Executive Team  
Westcourt Primary School 'Good'

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.

For attainment outcomes please see the individual schools website.

After making appropriate enquiries, the board of directors has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of directors continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

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#### **Financial review**

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) and the Local Authority in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 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 ESFA. 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 2017, total expenditure of £14,059k (2016: £9,833k) was met by recurrent grant funding from the ESFA 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 £846k (2016: £637k).

At 31 August 2017 the net book value of fixed assets was £19,223k (2016: £16,932k). Movements in tangible fixed assets are shown in note 13 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 £4,987k (2016: £2,721k) at 31 August 2017.

#### 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 (2016: £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 £135k (2016: £177k) (total funds less the amount held in fixed assets and restricted funds).

Our currently level of £135K is below the £600K reserves policy and we will work with individual schools throughout the financial year 17-18 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 2017 of £14,958k (2016: £14,708k) comprising £14,832k (2016: £14,531k) of restricted funds and £135k (2016: £177k) of unrestricted general funds. Of the restricted funds, £19,223k (2016: £16,932k) is represented by tangible fixed assets, £409k (2016 £nil) of unspent CIF funding and £88k (2016: £320k) of general restricted funds. The Pension reserve which is considered part of restricted funds was £4,897k (2016: £2,721k) 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.

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 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 12.

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 £4,897k (2016: £2,721k).

### **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 of 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.

# THE PRIMARY FIRST TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

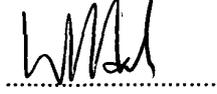
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### Auditor

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.

The directors' report, incorporating a strategic report, was approved by order of the board of directors on 17.11.17 and signed on its behalf by:



W Harwood  
Chair

# THE PRIMARY FIRST TRUST

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

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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)	2	3
J D H Smith (Accounting officer)	3	3
C Foster	3	3
A Spearman	3	3
A Martin (Resigned 2 September 2017)	0	3
S Rumbles	2	3
S Connington (Appointed 4 November 2016)	3	3

The key change to the composition of the Board of Trustees in the last 12 months is that Sandra Connington joined as a Director in November 2016.

The board has looked at all aspects of the Trust ranging from the performance of the individual schools in terms of outcomes, ensuring there is an adequate supply of staff, ensuring that the Trust meets its employer responsibilities and ensuring the Trust is managed in line with financial requirements. The Board judges its performance as effective based on its outcomes with Ofsted and managing the budget within a difficult financial climate. Challenges have arisen for the board as a result of the change in Education Secretary which has led to a change in policy around the rate of school conversion.

Information is presented to the board on each school and as well as by an exception report for areas operating outside of an agreed metric. The Board finds this acceptable because it allows them to challenge all areas of the Boards performance which are not in line with its operating model. The Board has undergone an evaluation of its own strengths and as a result it has brought on additional board members and is continuing that work by seeking two further Board members for the next financial year. The Board has not undergone an external review of governance this year as it has only recently carried out a skills audit which has led to additional recruitment.

In addition the Trust is seeking to increase its Members by one so that it complies with the suggestion to have five Members rather than its current four. This work will be undertaken in the academic year 2017-18.

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 SGOSS to move the number from five to seven and has a target of eight by 2018. 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.

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

The Finance Committee is a sub-committee of the main governing body. Its purpose is to provide a high level of guidance to the Board and CEO on all matters relating to finance as outlined in the Financial Regulations.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
J D H Smith (Accounting officer)	2	2
C Foster	2	2
S Rumbles	2	2

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 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 Trust began a restructure process to centralise its HR, Finance and Facilities management systems to achieve greater value for money whilst ensuring a high quality service.

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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

Accounting officer

Chief

# THE PRIMARY FIRST TRUST

## GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 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.

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.

The Directors confirm the internal auditor has delivered their schedule of work as planned, and no material control issues arose as a result of the internal auditor's work.

### 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 13/12/17 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 2017***

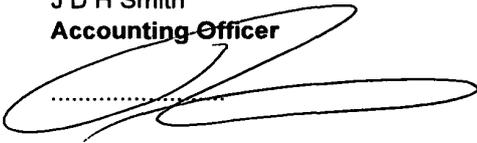
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As accounting officer of The Primary First Trust I have considered my responsibility to notify the trust board of directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the 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 2016.

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

J D H Smith  
**Accounting Officer**

A large, stylized handwritten signature in black ink, appearing to be 'JDH Smith', written over a dotted line.

# THE PRIMARY FIRST TRUST

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2017**

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

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

In preparing these financial statements, the 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 2016 to 2017;
- 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 financial statements; and
- prepare the financial statements 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 ESFA/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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the board of directors on ..... 13/12/17 ..... and signed on its behalf by:

W Harwood  
Chair



# THE PRIMARY FIRST TRUST

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

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### Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2016 to 2017.

### Basis for opinion

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

### Emphasis of Matter – no valuation available for Land and Buildings

No audit evidence was available to us with regard to the value of the land and buildings for the new converted academy, Westcourt Primary School. This information has been requested from the ESFA but had not been received for the year end to which these financial statements relate. Owing to the lack of information provided by the ESFA that would normally be available to an academy, we are unable to obtain sufficient appropriate audit evidence regarding the value of the land and buildings and thus no value has been included within these financial statements.

Our audit report has not been qualified in this respect.

### Conclusions relating to going concern

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

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

# THE PRIMARY FIRST TRUST

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

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### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report, including the incorporated strategic report.

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

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

### **Responsibilities of directors**

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

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

# THE PRIMARY FIRST TRUST

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

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### Auditor's responsibilities for the audit of the accounts

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

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

### Use of our report

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

*Wilkins Kennedy LLP*

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

...16/12/17.....

**Statutory Auditor**  
**Chartered Accountants**

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

# THE PRIMARY FIRST TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE PRIMARY FIRST TRUST AND THE EDUCATION AND SKILLS 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 and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Primary First Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Primary First Trust and ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Primary First Trust and ESFA, 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 AND SKILLS 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 2016 to 31 August 2017 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: 16/12/17.....

# THE PRIMARY FIRST TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000      £'000		Total 2017 £'000	Total 2016 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	95	-	2,462	2,557	66
Charitable activities:						
- Funding for educational operations	4	-	10,662	-	10,662	8,604
Other trading activities	5	387	-	-	387	215
Investments	6	1	-	-	1	1
<b>Total income and endowments</b>		<u>483</u>	<u>10,662</u>	<u>2,462</u>	<u>13,607</u>	<u>8,886</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	29	12,954	365	13,348	9,833
Charitable expenditure - transfer from local authority on conversion	26	(53)	2,359	(1,595)	711	-
<b>Total expenditure</b>	7	<u>(24)</u>	<u>15,313</u>	<u>(1,230)</u>	<u>14,059</u>	<u>9,833</u>
<b>Net income/(expenditure)</b>		507	(4,651)	3,692	(452)	(947)
Transfers between funds		(549)	1,541	(992)	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	702	-	702	(1,132)
<b>Net movement in funds</b>		<u>(42)</u>	<u>(2,408)</u>	<u>2,700</u>	<u>250</u>	<u>(2,079)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		177	(2,401)	16,932	14,708	16,787
Total funds carried forward		<u>135</u>	<u>(4,809)</u>	<u>19,632</u>	<u>14,958</u>	<u>14,708</u>

## THE PRIMARY FIRST TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds £'000	General £'000	Fixed asset £'000	2016 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	63	3	-	66
Charitable activities:					
- Funding for educational operations	4	-	8,604	-	8,604
Other trading activities	5	215	-	-	215
Investments	6	1	-	-	1
<b>Total income and endowments</b>		<u>279</u>	<u>8,607</u>	<u>-</u>	<u>8,886</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	8	117	9,406	310	9,833
<b>Total expenditure</b>	7	<u>117</u>	<u>9,406</u>	<u>310</u>	<u>9,833</u>
<b>Net income/(expenditure)</b>		162	(799)	(310)	(947)
Transfers between funds		(948)	829	119	-
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes	19	-	(1,132)	-	(1,132)
<b>Net movement in funds</b>		<u>(786)</u>	<u>(1,102)</u>	<u>(191)</u>	<u>(2,079)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		963	(1,299)	17,123	16,787
Total funds carried forward		<u>177</u>	<u>(2,401)</u>	<u>16,932</u>	<u>14,708</u>

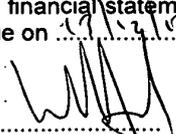
# THE PRIMARY FIRST TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017		2016	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		19,223		16,932
<b>Current assets</b>					
Debtors	13	373		368	
Cash at bank and in hand		1,252		838	
		<u>1,625</u>		<u>1,206</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(993)		(709)	
<b>Net current assets</b>			<u>632</u>		<u>497</u>
<b>Net assets excluding pension liability</b>			<u>19,855</u>		<u>17,429</u>
Defined benefit pension liability	19		(4,897)		(2,721)
<b>Net assets</b>			<u>14,958</u>		<u>14,708</u>
<b>Funds of the trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			19,632		16,932
- Restricted income funds			88		320
- Pension reserve			(4,897)		(2,721)
<b>Total restricted funds</b>			<u>14,823</u>		<u>14,531</u>
<b>Unrestricted income funds</b>	17		<u>135</u>		<u>177</u>
<b>Total funds</b>			<u>14,958</u>		<u>14,708</u>

The financial statements set out on pages 22 to 49 were approved by the board of directors and authorised for issue on 19/12/19 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 2017

	Notes	2017 £'000	£'000	2016 £'000	£'000
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	20		(1,041)		(206)
Cash funds transferred on conversion			53		-
			<u>(988)</u>		<u>(206)</u>
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE and ESFA		1,436		-	
Capital funding from sponsors and others		1,026		-	
Payments to acquire tangible fixed assets		(1,061)		(119)	
			<u>1,402</u>		<u>(118)</u>
<b>Cash flows from financing activities</b>					
Finance costs		-		(2)	
				<u>(2)</u>	<u>(2)</u>
<b>Change in cash and cash equivalents in the reporting period</b>			<u>414</u>		<u>(326)</u>
Cash and cash equivalents at 1 September 2016			<u>838</u>		<u>1,164</u>
<b>Cash and cash equivalents at 31 August 2017</b>			<u><u>1,252</u></u>		<u><u>838</u></u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2017

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#### 1 Accounting policies

The Primary First Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the directors' report.

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

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##### 1.1 Basis of preparation

The financial statements 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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##### 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 financial statements 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 financial statements.

##### 1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Westcourt Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 26.

##### Transfer from another academy Trust

The assets and liabilities of Wayfield Primary School were transferred to the Trust on 1 September 2016 from another multi academy trust and the fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 27.

##### 1.4 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.

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

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

#### Donations

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

#### Other income

Other income, including the hire of facilities, is recognised in the period 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.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

### 1.5 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.

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

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.

### 1.6 Tangible fixed assets and depreciation

Assets costing £2,000 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 (other than Wayfield School) have been included at the valuations provided by the EFA when completing their desktop valuation. Wayfield School property value has been taken from the net book value on transfer (see note 27)

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.

### 1.7 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.

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1 Accounting policies

(Continued)

#### 1.8 Leasing commitments

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

#### 1.9 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.10 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.

#### 1.11 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 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 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

The LGPS is a funded scheme and the assets are held separately from those of the 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.

#### 1.12 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 and Skills Funding Agency 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 and Skills Funding Agency.

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 2 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Critical areas of 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 13 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

##### *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.

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.

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Private sponsorship	-	-	-	3
Capital grants	-	2,462	2,462	-
Other donations	95	-	95	63
	<u>95</u>	<u>2,462</u>	<u>2,557</u>	<u>66</u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	8,572	8,572	7,233
Start up grants	-	105	105	-
Other DfE / ESFA grants	-	1,065	1,065	811
National College grants	-	11	11	-
	-	9,753	9,753	8,044
<b>Other government grants</b>				
Local authority grants	-	909	909	560
<b>Total funding</b>	-	10,662	10,662	8,604

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	17	-	17	44
Catering income	103	-	103	105
Other income	267	-	267	66
	387	-	387	215

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Short term deposits	1	-	1	1

### 7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations					
- Direct costs	7,696	289	723	8,708	7,103
- Allocated support costs	1,976	1,541	1,123	4,640	2,730
	9,672	1,830	1,846	13,348	9,833

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 7 Expenditure

(Continued)

Net income/(expenditure) for the year includes:	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	22	22
- Other services	22	11
Operating lease rentals	38	144
Depreciation of tangible fixed assets	365	310
Bank interest payable	-	2
Net interest on defined benefit pension liability	114	51

#### 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:

7% or 8% of GAG

The amounts charged during the year were as follows:

	Total £'000
Wayfield Primary School	83
Westcourt Primary School	38
Barnehurst Infant School	115
Barnehurst Junior School	172
Primary First Trust	-
Cuxton Junior	77
Cuxton Infant	62
Mayplace Primary	148
Lessness Heath Primary	208
	<u>903</u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	-	8,708	8,708	7,103
Support costs - educational operations	29	4,611	4,640	2,730
	<u>29</u>	<u>13,319</u>	<u>13,348</u>	<u>9,833</u>

	2017 £'000	2016 £'000
<b>Analysis of support costs</b>		
Support staff costs	1,976	1,156
Depreciation and amortisation	76	70
Technology costs	154	134
Premises costs	1,415	468
Other support costs	961	858
Governance costs	58	44
	<u>4,640</u>	<u>2,730</u>

### 9 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	6,984	5,449
Social security costs	556	349
Operating costs of defined benefit pension schemes	1,573	945
Apprenticeship levy	12	-
Staff costs	<u>9,125</u>	<u>6,743</u>
Supply staff costs	436	675
Staff development and other staff costs	111	99
Total staff expenditure	<u>9,672</u>	<u>7,517</u>

#### Staff numbers

The average number of persons, by headcount, employed by the trust during the year was as follows:

	2017 Number	2016 Number
Teachers	93	112
Administration and support	231	164
Management	36	4
	<u>360</u>	<u>280</u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 9 Staff costs

(Continued)

#### Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	4	3
£70,001 - £80,000	1	3
£80,001- £90,000	2	1
£130,001 - £140,000	1	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 national insurance and pension contributions) received by key management personnel for their services to the trust was £463k (2016: £ 516k).

### 10 Directors' remuneration and expenses

The CEO has been paid remuneration or has received other benefits from an employment with the trust. The CEO only received remuneration in respect of services he provided undertaking the role of CEO under his contract of employment, and not in respect of his services as a director. 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 £130,000 - £135,000 (2016: £130,000- £135,000)
- Employer's pension contributions £20,000 - £25,000 (2016: £20,000- £25,000)

During the current and previous year there was no reimbursed expenditure to directors.

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 ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2016	17,276	134	117	17,527
Transfer on conversion	1,563	8	24	1,595
Additions	1,026	19	16	1,061
At 31 August 2017	19,865	161	157	20,183
<b>Depreciation</b>				
At 1 September 2016	484	66	45	595
Charge for the year	289	43	33	365
At 31 August 2017	773	109	78	960
<b>Net book value</b>				
At 31 August 2017	19,092	52	79	19,223
At 31 August 2016	16,792	68	72	16,932

The additions in the year relate to an extension to one of the schools.

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

### 13 Debtors

	2017 £'000	2016 £'000
Trade debtors	18	1
VAT recoverable	128	139
Other debtors	8	-
Prepayments and accrued income	219	228
	373	368

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

	2017 £'000	2016 £'000
Trade creditors	176	112
Other taxation and social security	150	131
Other creditors	66	19
Accruals and deferred income	601	447
	993	709

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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<b>15</b>	<b>Deferred income</b>	<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred income is included within:		
	Creditors due within one year	209	217
		<u>          </u>	<u>          </u>
	Deferred income at 1 September 2016	217	134
	Released from previous years	(217)	(134)
	Amounts deferred in the year	209	217
		<u>          </u>	<u>          </u>
	<b>Deferred income at 31 August 2017</b>	<b>209</b>	<b>217</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 relating to the year 2017/18.

<b>16</b>	<b>Financial instruments</b>	<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	154	140
		<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	634	361
		<u>          </u>	<u>          </u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant	320	8,572	(10,375)	1,541	58
Start up grants	-	105	(75)	-	30
Other DfE / ESFA grants	-	1,076	(1,076)	-	-
Other government grants	-	909	(909)	-	-
	<u>320</u>	<u>10,662</u>	<u>(12,435)</u>	<u>1,541</u>	<u>88</u>
Funds excluding pensions	(2,721)	-	(2,878)	702	(4,897)
	<u>(2,401)</u>	<u>10,662</u>	<u>(15,313)</u>	<u>2,243</u>	<u>(4,809)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	-	-	1,595	(1,595)	-
DfE / ESFA capital grants	-	2,462	-	(2,053)	409
General fixed assets	16,932	-	(365)	2,656	19,223
	<u>16,932</u>	<u>2,462</u>	<u>1,230</u>	<u>(992)</u>	<u>19,632</u>
<b>Total restricted funds</b>	<u>14,531</u>	<u>13,124</u>	<u>(14,083)</u>	<u>1,251</u>	<u>14,823</u>
<b>Unrestricted funds</b>					
General funds	<u>177</u>	<u>483</u>	<u>24</u>	<u>(549)</u>	<u>135</u>
<b>Total funds</b>	<u>14,708</u>	<u>13,607</u>	<u>(14,059)</u>	<u>702</u>	<u>14,958</u>

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

**General Annual Grant:** Income received from the ESFA 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 2017.

**Other DFE/ESFA grants:** This includes the pupil premium, sports grant universal infant free school meals, and rates grant.

**Other government grants:** This includes High Needs top-up, EYFS grant and pupil premium from local authority.

**DFE/ ESFA capital grants :** This includes devolved formula capital grant, CIF bids and local authority capital grant.

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.

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

(Continued)

#### Movements in funds - previous year

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

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

(Continued)

#### Total funds analysis by academy

	Total £'000
Fund balances at 31 August 2017 were allocated as follows:	
Wayfield Primary School	1
Westcourt Primary School	1
Barnehurst Infant School	1
Barnehurst Junior School	1
Primary First Trust	215
Cuxton Junior	1
Cuxton Infant	1
Mayplace Primary	1
Lessness Heath Primary	1
<b>Total before fixed assets fund and pension reserve</b>	<b>223</b>
Restricted fixed asset fund	19,632
Pension reserve	(4,897)
<b>Total funds</b>	<b>14,958</b>

#### Total cost analysis by academy

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
Wayfield Primary School	859	165	31	254	1,309
Westcourt Primary School	542	103	38	162	845
Barnehurst Infant School	603	166	31	155	955
Barnehurst Junior School	734	117	56	168	1,075
Primary First Trust	381	684	1	303	1,369
Cuxton Junior	584	125	44	607	1,360
Cuxton Infant	500	62	20	273	855
Mayplace Primary	1,504	261	75	692	2,532
Lessness Heath Primary	1,866	293	54	470	2,683
	<u>7,573</u>	<u>1,976</u>	<u>350</u>	<u>3,084</u>	<u>12,983</u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

#### 17 Funds

(Continued)

#### Funds analysis by academy - previous year

	<b>Total 2016 £'000</b>
Fund balances at 31 August 2016 were allocated as follows:	
Barnehurst Infant School	1
Barnehurst Junior School	1
Primary First Trust	491
Cuxton Junior	1
Cuxton Infant	1
Mayplace Primary	1
Lessness Heath Primary	1
<b>Total before fixed assets fund and pension reserve</b>	<b>497</b>
Restricted fixed asset fund	16,932
Pension reserve	(2,721)
<b>Total funds</b>	<b>14,708</b>

#### Total cost analysis by academy - previous year

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

	<b>Teaching and educational support staff costs £'000</b>	<b>Other support staff costs £'000</b>	<b>Educational supplies £'000</b>	<b>Other costs excluding depreciation £'000</b>	<b>Total 2016 £'000</b>
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
	<b>6,262</b>	<b>1,156</b>	<b>357</b>	<b>1,748</b>	<b>9,523</b>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General      Fixed asset £'000      £'000		Total 2017 £'000
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	19,223	19,223
Current assets	135	1,081	409	1,625
Creditors falling due within one year	-	(993)	-	(993)
Defined benefit pension liability	-	(4,897)	-	(4,897)
	135	(4,809)	19,632	14,958
	135	(4,809)	19,632	14,958
	Unrestricted Funds £'000	Restricted funds: General      Fixed asset £'000      £'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)
	177	(2,401)	16,932	14,708
	177	(2,401)	16,932	14,708

### 19 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 2016.

Contributions amounting to £66k (2016: 19k) were payable to the schemes at 31 August 2017 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 19 Pensions and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial 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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £557k (2016: £473k).

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 21.9% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £501k (2016: £390k).

The LGPS obligation relates to the employees of the trust who were employees transferred as part of the conversion from the maintained school (as described in note 26) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the trust at the balance sheet date.

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.

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations

(Continued)

Total contributions made	2017 £'000	2016 £'000
Employer's contributions	497	379
Employees' contributions	142	115
Total contributions	<u>639</u>	<u>494</u>
<b>Principal actuarial assumptions</b>	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Rate of increases in salaries	3.8	3.3
Rate of increase for pensions in payment	2.3	1.9
Discount rate	2.4	2.1
Inflation assumption (CPI)	<u>2.3</u>	<u>1.8</u>

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

	2017 Years	2016 Years
Retiring today		
- Males	23.0	23.2
- Females	25.8	25.5
Retiring in 20 years		
- Males	25.2	25.6
- Females	<u>28.1</u>	<u>28.5</u>

Scheme liabilities would have been affected by changes in assumptions as follows:

	2017 £'000	2016 £'000
Discount rate + 0.1%	(212)	(36)
Mortality assumption + 1 year	252	41
Pension rate + 0.1%	190	29
Salary rate + 0.1%	<u>39</u>	<u>9</u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations

(Continued)

The trust's share of the assets in the scheme	2017 Fair value £'000	2016 Fair value £'000
Equities	3,048	1,660
Other bonds	445	222
Cash	88	313
Property	536	42
Other assets	569	382
<b>Total market value of assets</b>	<b>4,686</b>	<b>2,619</b>
Actual return on scheme assets - gain/(loss)	400	378
<b>Amounts recognised in the statement of financial activities</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Current service cost	902	458
Interest income	(70)	(80)
Interest cost	184	131
Benefit changes, curtailments and settlements gains or losses	-	14
<b>Total operating charge</b>	<b>1,016</b>	<b>523</b>
<b>Changes in the present value of defined benefit obligations</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Obligations at 1 September 2016	5,340	3,252
Obligations acquired on conversion	3,490	-
Current service cost	902	458
Interest cost	184	131
Employee contributions	142	115
Actuarial (gain)/loss	(372)	1,430
Benefits paid	(103)	(46)
<b>At 31 August 2017</b>	<b>9,583</b>	<b>5,340</b>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations

(Continued)

#### Changes in the fair value of the trust's share of scheme assets

	2017 £'000	2016 £'000
Assets at 1 September 2016	2,619	1,807
Assets acquired on conversion	1,131	-
Interest income	70	80
Actuarial gain	330	298
Employer contributions	497	379
Employee contributions	142	115
Benefits paid	(103)	(46)
Effect of non-routine settlements	-	(14)
	<u>4,686</u>	<u>2,619</u>
At 31 August 2017	<u>4,686</u>	<u>2,619</u>

### 20 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £'000	2016 £'000
Net expenditure for the reporting period	(452)	(947)
Adjusted for:		
Net deficit on conversion to academy	711	-
Capital grants from DfE/ESFA and other capital income	(2,462)	-
Investment income receivable	(1)	(1)
Finance costs payable	-	2
Defined benefit pension costs less contributions payable	405	93
Defined benefit pension net finance cost	114	51
Depreciation of tangible fixed assets	365	310
(Increase)/decrease in debtors	(5)	116
Increase in creditors	284	170
	<u>(1,041)</u>	<u>(206)</u>
<b>Net cash used in operating activities</b>	<u>(1,041)</u>	<u>(206)</u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 21 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.

### 22 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £'000	2016 £'000
Amounts due within one year	29	38
Amounts due in two and five years	51	101
	<u>80</u>	<u>139</u>

### 23 Capital commitments

	2017 £'000	2016 £'000
Expenditure contracted for but not provided in the financial statements	721	-
	<u>721</u>	<u>-</u>

### 24 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.

During the year £4,920 (2016: £nil) of admin support was provided by Brookers Solutions Limited, a company related to Ms C Foster, a director of the Academy Trust. No amounts were due at the year end.

In entering into these transactions, the trust has complied with the requirements of the Academies Financial Handbook 2016.

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 25 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.

### 26 Conversion to an academy

On 1 February 2017 the Westcourt Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Primary First Trust from Kent County Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the statement of financial activities as charitable activities – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
Wayfield Primary School	Chatham	1 September 2016
Westcourt Primary School	Gravesend	1 February 2017

Net assets transferred:	2017 £'000
Freehold land and buildings	1,563
Other tangible fixed assets	32
Cash	53
LGPS pension surplus/(deficit)	(2,359)
	<u>(711)</u>

Funds surplus/(deficit) transferred:	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2017
	£'000	£'000	£'000	£'000
Fixed assets funds	-	-	1,595	1,595
LGPS pension funds	-	(2,359)	-	(2,359)
Other funds	53	-	-	53
	<u>53</u>	<u>(2,359)</u>	<u>1,595</u>	<u>(711)</u>

# THE PRIMARY FIRST TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 27 Transfer of existing academies into the trust

On 1 September 2016 Wayfield Primary School transferred from an existing Trust, Griffin Schools Trust. The amounts transferred were:

	Value reported by Transferring Trust £'000	Fair Value Adjustments £'000	Transfer in Recognised £'000
<b>Tangible Fixed assets</b>			
Leasehold land and buildings	1,563	-	1,563
Furniture and Equipment	24	-	24
Computer Equipment	8	-	8
<b>Current Assets</b>			
Debtors	112	-	112
Bank	43	-	43
<b>Liabilities</b>			
Creditors due in less than one year	(58)	-	(58)
<b>Pensions</b>			
Pension Liability	(1,973)	-	(1,973)
<b>Net assets / (liabilities)</b>	<b>(281)</b>	<b>-</b>	<b>(281)</b>