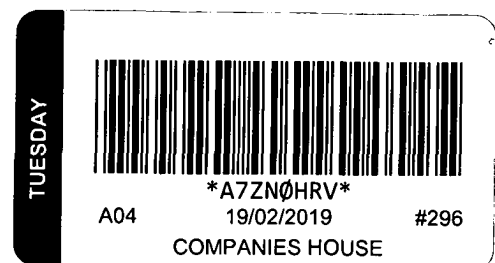


Company Registration No. 08738750 (England and Wales)

THE PRIMARY FIRST TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



THE PRIMARY FIRST TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of trustees' responsibilities	17
Independent auditor's report on the financial statements	18 - 20
Independent reporting accountant's report on regularity	21 - 22
Statement of financial activities including income and expenditure account	23 - 24
Balance sheet	25
Statement of cash flows	26
Notes to the financial statements including accounting policies	27 - 48

THE PRIMARY FIRST TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

W Harwood
S Ristow
M Wallbridge
A Spearman
H Bayley

Trustees

W Harwood (Chair)
J D H Smith (Accounting officer) (Resigned 30 September 2018)
C Foster (Resigned 13 December 2017)
A Spearman
A Martin (Resigned 2 September 2017)
S Rumbles
S Connington
Dr B Bingle (Appointed 28 March 2018)
P Stingmore (Appointed 28 March 2018)

Senior management team

J D H Smith	- Chief Executive Officer (to 30 September 2018)
K Powell	- Leading Head Teacher
S Hamilton	- Leading Head Teacher
C Eskelson	- Leading Head Teacher
M Gray	- Chief Financial Officer
A Moorhouse	- Chief Executive Officer (from 1 October 2018)

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
Cuxton Junior
Cuxton Infant
Mayplace Primary
Lessness Heath Primary

Location

Chatham
Gravesend
Barnehurst
Barnehurst
Cuxton
Cuxton
Barnehurst
Lessness Heath

Principal

S Hamilton
M Sexton
C Malone
C Malone
M Harlin
M Harlin
R Flaherty
K O'Connor

THE PRIMARY FIRST TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

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

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

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates 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
Number on Roll 231

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

Cuxton Infant School:
Capacity of School 180
Number on Roll 166

Cuxton Junior School:
Capacity of School 240
Number on Roll 212

Lessness Heath Primary School:
Capacity of School 682
Number on Roll 644
Number on roll of onsite Nursery 49

Mayplace Primary School:
Capacity of School 420 + 52 half day spaces
Number on Roll 450
Number on roll of onsite Nursery 35

Wayfield Primary School:
Capacity of School 210
Number on Roll 202
Number on roll of onsite Nursery 70

Westcourt Primary School:
Capacity of School 270
Number on Roll 249
Number on roll of onsite Nursery 52

Structure, governance and management

Constitution

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

The Primary First Trust was incorporated on 18 October 2013 and is made up of 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.

THE PRIMARY FIRST TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 trustees

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

The number of Trustees shall be not less than 3, but shall not be subject to a maximum. Members will be appointed by the Trustess 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 Trustees 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 Trustee 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 Trustee, any Trustee or member may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

During the period under review the Trust Board of Trustees held 3 full Trustee meetings, 3 Management meetings and 1 finance committee meetings. The training and induction provided for new Trustees will depend on their existing experience. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students. All relevant Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

THE PRIMARY FIRST TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

The structure consists of four management levels: the Primary First Trust Trustee 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 Trustee Board is 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 Trustee 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 Trustee'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 Trustee 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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

The main objectives of the Academy during the period ended 31 August 2018 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.

Trustees 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 Trustees 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 Trustees 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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

6.66% of pupils eligible for Free Schools Meals
8.65% of pupils from ethnic minority backgrounds
9.6% of children on SEN register

Barnehurst Junior School

5.83% of pupils eligible for Free Schools Meals
5.99% of pupils from ethnic minority backgrounds
11% of children on SEN register

Cuxton Infant School

14.94% of pupils eligible for Free Schools Meals
3.57% of pupils from ethnic minority backgrounds
21.58% of children on SEN register

Cuxton Junior School

27.56% of pupils eligible for Free Schools Meals
5.88% of pupils from ethnic minority backgrounds
40.28% of children on SEN register

Lessness Heath Primary School

14.59% of pupils eligible for Free Schools Meals
45.8% of pupils from ethnic minority backgrounds
16.14% of children on SEN register

Mayplace Primary School

6% of pupils eligible for Free Schools Meals
21.1% of pupils from ethnic minority backgrounds
19.33% of children on SEN register

Wayfield Primary School

35.14% of pupils eligible for Free Schools Meals
34.19% of pupils from ethnic minority backgrounds
13.97% of children on SEN register

Westcourt Primary School

30.9% of pupils eligible for Free Schools Meals
41.3% of pupils from ethnic minority backgrounds
15.6% of children on SEN register

THE PRIMARY FIRST TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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' (Outstanding leadership, management and personal development)
Mayplace Primary School 'Good' (Outstanding Early Years provision)
Lessness Heath Primary School 'Good' (Outstanding Early Years)
Wayfield Primary School (not inspected) graded 'at least Good' 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.

Going Concern

After making appropriate enquiries, the board of trustees 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 trustees 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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2018 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 2018, total expenditure of £13,803k (2017 restated: £13,363k) 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 £1,913k (2017: £1,838k).

At 31 August 2018 the net book value of fixed assets was £20,680k (2017 restated: £21,026k). Movements in tangible fixed assets are shown in note 14 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 £4,323k (2017: £4,987k) at 31 August 2018.

Reserves policy

The trustees 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 trustees have determined that the appropriate level of free reserves should be equivalent 3% of total income, which is approximately £360k (2017: £600k based on 4 weeks expenditure).

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 £42k (2017: £135k) (total funds less the amount held in fixed assets and restricted funds).

Our currently level of £42K is below the £360K reserves policy and we will work with individual schools throughout the financial year 18-19 to ensure that we come closer to that £360K 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 2018 of £16,677k (2017 restated: £16,761k) comprising £16,635k (2017 restated: £16,626k) of restricted funds and £42k (2017: £135k) of unrestricted general funds. Of the restricted funds, £20,680k (2017 restated: £21,026k) is represented by tangible fixed assets, £278k (2017: £409k) of unspent CIF funding and no (2017: £88k) general restricted funds. The Pension reserve which is considered part of restricted funds was £4,323k (2017: £4,897k) 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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees 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 Trustees 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 Trustees 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 £4,323k (2017: £4,897k).

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

TRUSTEES' REPORT (CONTINUED)

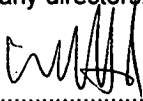
FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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 trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12/12/18 and signed on its behalf by:



W Harwood
Chair

THE PRIMARY FIRST TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees 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 trustees 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 trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
W Harwood (Chair)	2	3
J D H Smith (Accounting officer) (Resigned 30 September 2018)	2	3
C Foster (Resigned 13 December 2017)	0	1
A Spearman	3	3
A Martin (Resigned 2 September 2017)	0	0
S Rumbles	2	3
S Connington	3	3
Dr B Bingle (Appointed 28 March 2018)	2	2
P Stingmore (Appointed 28 March 2018)	2	2

Following a Trustee skills audit in 2017/18 two areas were found to be requiring improved Trustee skills set. These were educational excellence and change management. For this reason, Dr Bingle was appointed from The University of Greenwich to strengthen educational understanding and Mr Stingmore was brought onto the Board of Trustees as he has experience of change management processes within the public sector.

The Board has looked at the key strategic aims of the Trust and analysed them alongside risk, finance and outcomes for pupils. The Board reviews its own effectiveness and has begun a process of changing the way that the CEO reports to the Board to ensure that it is fully in line with their requirements. The Board reviews data produced by the CEO as well as external data from the Department of Education, Local Authorities and external inspectors. The Board also reviews information from external reviews of finance and risk.

In January 2018 the Board received the resignation of the CEO, Justin Smith, and immediately reviewed their governance procedures. They determined that they needed to meet much more regularly during the period of transition between the exiting CEO, during the recruitment process and then following the appointment of the new CEO. The stated purpose of these Management Meetings was to ensure that during the recruitment process of the new CEO and the exiting of the outgoing CEO there was minimal disruption to staff, operational and governance processes throughout the Trust. It was also the intention of the Management meetings that they would liaise much closer with senior staff throughout The Primary First Trust to ensure there was a level of continuity for those senior staff. This change began in March 2018 and the Board met on a monthly basis and as well as undertaking the strategic review associated with their role the Board also became much more operational so that they could assist during this transition period. The impact of this change in process was that an effective recruitment process was undertaken by the Trustees that resulted in the appointment of a new CEO in July 2018. They took up the substantive role on 1st October 2018. The Trust intends to carry out a further review of governance at some point in its short term future to ensure that the existing systems and processes are aligned to any new systems and processes that may be introduced by the new CEO.

THE PRIMARY FIRST TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
W Harwood (Chair)	3	3
J D H Smith (Accounting officer) (Resigned 30 September 2018)	3	3
C Foster (Resigned 13 December 2017)	0	0
A Spearman	2	3
A Martin (Resigned 2 September 2017)	0	0
S Rumbles	1	3
S Connington	2	3
Dr B Bingle (Appointed 28 March 2018)	2	3
P Stingmore (Appointed 28 March 2018)	1	3

The Finance Committee is a sub-committee of the main governing body. Its purpose is to provide 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:

Trustees	Meetings attended	Out of possible
W Harwood (Chair)	1	1
J D H Smith (Accounting officer) (Resigned 30 September 2018)	1	1
S Rumbles	1	1

Review of value for money

As accounting officer the principal has responsibility for ensuring that the trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

THE PRIMARY FIRST TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 trustees 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 completed 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 trust restructured school improvement personnel to achieve greater value for money.

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

THE PRIMARY FIRST TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 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 with no connection to the audit team, this is to ensure the reviews are carried out independently.

The Trustees 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.

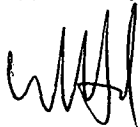
Review of effectiveness

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 Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 12/12/18 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 2018

As accounting officer of The Primary First Trust I have considered my responsibility to notify the trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the trust's board of trustees 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 2017.

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

J D H Smith
Accounting Officer

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THE PRIMARY FIRST TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

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

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

In preparing these financial statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 12/12/18 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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of The Primary First Trust for the year ended 31 August 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2017 to 2018.

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.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

THE PRIMARY FIRST TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of 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 trustees' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the 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 trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

THE PRIMARY FIRST TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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

Wilkins Kennedy Audit Services

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

17/12/18

Statutory Auditor

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 & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 11 February 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Primary First Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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 & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wilkins Kennedy Audit Services

Reporting Accountant

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

Dated: 17/12/18

THE PRIMARY FIRST TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted funds:		Total 2018	Total 2017 as restated
	Notes	£'000	General	Fixed asset	£'000	£'000
Income and endowments from:						
Donations and capital grants	3	139	-	1,092	1,231	2,557
Donations - transfer from local authority on conversion		-	-	-	-	1,107
Charitable activities:						
- Funding for educational operations	4	-	11,038	-	11,038	10,662
Other trading activities	5	307	-	-	307	387
Investments	6	1	-	-	1	1
Total		<u>447</u>	<u>11,038</u>	<u>1,092</u>	<u>12,577</u>	<u>14,714</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	33	13,365	405	13,803	13,363
Total	7	<u>33</u>	<u>13,365</u>	<u>405</u>	<u>13,803</u>	<u>13,363</u>
Net income/(expenditure)		414	(2,327)	687	(1,226)	1,351
Transfers between funds	17	(507)	1,671	(1,164)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	19	-	1,142	-	1,142	702
Net movement in funds		<u>(93)</u>	<u>486</u>	<u>(477)</u>	<u>(84)</u>	<u>2,053</u>
Reconciliation of funds						
Total funds brought forward		135	(4,809)	21,435	16,761	14,708
Total funds carried forward		<u>42</u>	<u>(4,323)</u>	<u>20,958</u>	<u>16,677</u>	<u>16,761</u>

THE PRIMARY FIRST TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017 As restated	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Income and endowments from:					
Donations and capital grants	3	95	-	2,462	2,557
Donations - transfer from local authority on conversion		53	(2,359)	3,413	1,107
Charitable activities:					
- Funding for educational operations	4	-	10,662	-	10,662
Other trading activities	5	387	-	-	387
Investments	6	1	-	-	1
Total		<u>536</u>	<u>8,303</u>	<u>5,875</u>	<u>14,714</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	29	12,954	380	13,363
Total	7	<u>29</u>	<u>12,954</u>	<u>380</u>	<u>13,363</u>
Net income/(expenditure)		507	(4,651)	5,495	1,351
Transfers between funds	17	(549)	1,541	(992)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	702	-	702
Net movement in funds		(42)	(2,408)	4,503	2,053
Reconciliation of funds					
Total funds brought forward		177	(2,401)	16,932	14,708
Total funds carried forward		<u>135</u>	<u>(4,809)</u>	<u>21,435</u>	<u>16,761</u>

THE PRIMARY FIRST TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		20,680		21,026
Current assets					
Debtors	14	865		373	
Cash at bank and in hand		656		1,252	
		<u>1,521</u>		<u>1,625</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	<u>(1,201)</u>		<u>(993)</u>	
Net current assets			320		632
Net assets excluding pension liability			21,000		21,658
Defined benefit pension scheme liability	19		<u>(4,323)</u>		<u>(4,897)</u>
Net assets			<u>16,677</u>		<u>16,761</u>
Funds of the trust:					
Restricted funds	17				
- Fixed asset funds			20,958		21,435
- Restricted income funds			-		88
- Pension reserve			<u>(4,323)</u>		<u>(4,897)</u>
Total restricted funds			16,635		16,626
Unrestricted income funds	17		42		135
Total funds			<u>16,677</u>		<u>16,761</u>

The financial statements on pages 23 to 48 were approved by the trustees and authorised for issue on 12.12.18 and are signed on their behalf by:


 W Harwood
 Chair

Company Number 08738750

THE PRIMARY FIRST TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017 as restated	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	20		(1,630)		(1,041)
Cash funds transferred on conversion			-		53
			<u>(1,630)</u>		<u>(988)</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE and ESFA		1,092		1,436	
Capital funding from sponsors and others		-		1,026	
Payments to acquire tangible fixed assets		<u>(59)</u>		<u>(1,061)</u>	
			<u>1,034</u>		<u>1,402</u>
Change in cash and cash equivalents in the reporting period			<u>(596)</u>		<u>414</u>
Cash and cash equivalents at 1 September 2017			<u>1,252</u>		<u>838</u>
Cash and cash equivalents at 31 August 2018			<u><u>656</u></u>		<u><u>1,252</u></u>

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 trustees' 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.

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 2017 to 2018 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.

1.2 Going concern

The trustees 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 trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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 Income

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

Grants

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.

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

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

Interest receivable

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

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.

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 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 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.

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

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

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

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

1.6 Liabilities

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

1.7 Leasing commitments

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

1.8 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.

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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.

1.9 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.

1.10 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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer 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.

1.11 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 trustees.

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 2018

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 14 for the carrying amount of the property plant and equipment, and note 1.5 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 2018 £'000	Total 2017 £'000
Capital grants	-	1,092	1,092	2,462
Other donations	139	-	139	95
	<u>139</u>	<u>1,092</u>	<u>1,231</u>	<u>2,557</u>

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	8,897	8,897	8,572
Start up grants	-	-	-	105
Other DfE group grants	-	1,179	1,179	1,065
National College grants	-	47	47	11
	-	10,123	10,123	9,753
Other government grants				
Local authority grants	-	915	915	909
Total funding	-	11,038	11,038	10,662

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	60	-	60	17
Catering income	153	-	153	103
Other income	94	-	94	267
	307	-	307	387

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	1	-	1	1

7 Expenditure

	Staff costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other £'000		
Academy's educational operations					
- Direct costs	7,498	314	539	8,351	8,723
- Allocated support costs	2,371	1,860	1,221	5,452	4,640
	9,869	2,174	1,760	13,803	13,363

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

(Continued)

Net income/(expenditure) for the year includes:	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	21	22
- Other services	11	22
Operating lease rentals	24	38
Depreciation of tangible fixed assets	405	380
Net interest on defined benefit pension liability	120	114
	<u> </u>	<u> </u>

8 Central services

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

- Facilities
- Finance
- Human Resources
- Governor Support
- School Improvement
- Health and Safety
- Budgeting
- E-mail security

The trust charges for these services on the following basis:

7% or 8% of GAG

The amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Wayfield Primary School	70	83
Westcourt Primary School	105	38
Barnehurst Infant School	54	115
Barnehurst Junior School	109	172
Cuxton Junior	68	77
Cuxton Infant	67	62
Mayplace Primary	163	148
Lessness Heath Primary	218	208
	<u> </u>	<u> </u>
	854	903
	<u> </u>	<u> </u>

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Educational operations	-	8,351	8,351	8,723
Support costs				
Educational operations	33	5,419	5,452	4,640
	<u>33</u>	<u>13,770</u>	<u>13,803</u>	<u>13,363</u>
			2018 £'000	2017 £'000
Analysis of support costs				
Support staff costs			2,371	1,976
Depreciation			91	76
Technology costs			178	154
Premises costs			1,769	1,465
Other support costs			1,006	911
Governance costs			37	58
			<u>5,452</u>	<u>4,640</u>

10 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	7,140	6,984
Social security costs	547	556
Pension costs	1,586	1,573
Staff costs	<u>9,273</u>	<u>9,113</u>
Agency staff costs	413	436
Staff restructuring costs	63	-
Staff development and other staff costs	120	123
Total staff expenditure	<u>9,869</u>	<u>9,672</u>

Staff restructuring costs comprise:

Redundancy payments	<u>63</u>	<u>-</u>
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Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payment totalling £16k.

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

(Continued)

Staff numbers

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

	2018 Number	2017 Number
Teachers	124	93
Administration and support	227	231
Management	3	36
	<u>354</u>	<u>360</u>

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	6	4
£70,001 - £80,000	4	1
£80,001 - £90,000	1	2
£110,001 - £120,000	1	-
£130,001 - £140,000	1	1
	<u>13</u>	<u>8</u>

Key management personnel

The key management personnel of the trust comprise the trustees 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 £644k (2017: £463k).

11 Trustees' 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 trustees did not receive any payments, other than expenses, from the trust in respect of their role as trustees.

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

J Smith (Chief Executive Officer):

- Remuneration £130,000 - £135,000 (2017: £130,000- £135,000)
- Employer's pension contributions £20,000 - £25,000 (2017: £20,000- £25,000)

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

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

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Trustees 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.

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2017	21,683	161	157	22,001
Additions	-	42	17	59
At 31 August 2018	21,683	203	174	22,060
Depreciation				
At 1 September 2017	788	109	78	975
Charge for the year	314	48	43	405
At 31 August 2018	1,102	157	121	1,380
Net book value				
At 31 August 2018	20,581	46	53	20,680
At 31 August 2017	20,895	52	79	21,026

Included in land and buildings is land valued at £5,983k (2017: £5,983k) which is not depreciated.

14 Debtors

	2018 £'000	2017 £'000
Trade debtors	17	18
VAT recoverable	423	128
Other debtors	6	8
Prepayments and accrued income	419	219
	865	373

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Creditors: amounts falling due within one year	2018 £'000	2017 £'000
Trade creditors	702	176
Other taxation and social security	141	150
Other creditors	82	66
Accruals and deferred income	276	601
	<u>1,201</u>	<u>993</u>
16 Deferred income	2018 £'000	2017 £'000
Deferred income is included within:		
Creditors due within one year	<u>180</u>	<u>209</u>
Deferred income at 1 September 2017	209	217
Released from previous years	(209)	(217)
Resources deferred in the year	<u>180</u>	<u>209</u>
Deferred income at 31 August 2018	<u><u>180</u></u>	<u><u>209</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 2018/19.

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	58	8,897	(10,626)	1,671	-
Other DfE / ESFA grants	30	1,226	(1,256)	-	-
Other government grants	-	915	(915)	-	-
Pension reserve	(4,897)	-	(568)	1,142	(4,323)
	<u>(4,809)</u>	<u>11,038</u>	<u>(13,365)</u>	<u>2,813</u>	<u>(4,323)</u>
Restricted fixed asset funds					
DfE group capital grants	409	1,092	-	(1,223)	278
General fixed assets	21,026	-	(405)	59	20,680
	<u>21,435</u>	<u>1,092</u>	<u>(405)</u>	<u>(1,164)</u>	<u>20,958</u>
Total restricted funds	<u>16,626</u>	<u>12,130</u>	<u>(13,770)</u>	<u>1,649</u>	<u>16,635</u>
Unrestricted funds					
General funds	<u>135</u>	<u>447</u>	<u>(33)</u>	<u>(507)</u>	<u>42</u>
Total funds	<u>16,761</u>	<u>12,577</u>	<u>(13,803)</u>	<u>1,142</u>	<u>16,677</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 2018.

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 2018

17 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	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)	-	-
Pension reserve	(2,721)	(2,359)	(519)	702	(4,897)
	<u>(2,401)</u>	<u>8,303</u>	<u>(12,954)</u>	<u>2,243</u>	<u>(4,809)</u>
Restricted fixed asset funds					
Transfer on conversion	-	3,413	-	(3,413)	-
DfE group capital grants	-	2,462	-	(2,053)	409
General fixed assets	16,932	-	(380)	4,474	21,026
	<u>16,932</u>	<u>5,875</u>	<u>(380)</u>	<u>(992)</u>	<u>21,435</u>
Total restricted funds	<u>14,531</u>	<u>14,178</u>	<u>(13,334)</u>	<u>1,251</u>	<u>16,626</u>
Unrestricted funds					
General funds	<u>177</u>	<u>536</u>	<u>(29)</u>	<u>(549)</u>	<u>135</u>
Total funds	<u>14,708</u>	<u>14,714</u>	<u>(13,363)</u>	<u>702</u>	<u>16,761</u>

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	320	17,469	(21,001)	3,212	-
Start up grants	-	105	(75)	-	30
Other DfE / ESFA grants	-	2,302	(2,332)	-	(30)
Other government grants	-	1,824	(1,824)	-	-
Pension reserve	(2,721)	(2,359)	(1,087)	1,844	(4,323)
	<u>(2,401)</u>	<u>19,341</u>	<u>(26,319)</u>	<u>5,056</u>	<u>(4,323)</u>
Restricted fixed asset funds					
Transfer on conversion	-	3,413	-	(3,413)	-
DfE group capital grants	-	3,554	-	(3,276)	278
General fixed assets	16,932	-	(785)	4,533	20,680
	<u>16,932</u>	<u>6,967</u>	<u>(785)</u>	<u>(2,156)</u>	<u>20,958</u>
Total restricted funds	<u>14,531</u>	<u>26,308</u>	<u>(27,104)</u>	<u>2,900</u>	<u>16,635</u>
Unrestricted funds					
General funds	177	983	(62)	(1,056)	42
	<u>177</u>	<u>983</u>	<u>(62)</u>	<u>(1,056)</u>	<u>42</u>
Total funds	<u>14,708</u>	<u>27,291</u>	<u>(27,166)</u>	<u>1,844</u>	<u>16,677</u>

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
Wayfield Primary School	1	1
Westcourt Primary School	1	1
Barnehurst Infant School	1	1
Barnehurst Junior School	1	1
Cuxton Junior	1	1
Cuxton Infant	1	1
Mayplace Primary	1	1
Lessness Heath Primary	1	1
Primary First Trust	34	215
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	42	223
Restricted fixed asset fund	20,958	21,435
Pension reserve	(4,323)	(4,897)
	<hr/>	<hr/>
Total funds	16,677	16,761
	<hr/>	<hr/>

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Wayfield Primary School	855	163	9	270	1,297
Westcourt Primary School	743	216	9	308	1,276
Barnehurst Infant School	1,887	291	15	461	2,654
Barnehurst Junior School	1,309	344	32	1,070	2,755
Cuxton Junior	627	105	21	297	1,050
Cuxton Infant	451	65	7	318	841
Mayplace Primary	716	86	16	242	1,060
Lessness Heath Primary	217	911	-	429	1,557
Primary First Trust	573	190	6	139	908
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,378	2,371	115	3,534	13,398
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	20,680	20,680
Current assets	42	1,201	278	1,521
Creditors falling due within one year	-	(1,201)	-	(1,201)
Defined benefit pension liability	-	(4,323)	-	(4,323)
Total net assets	42	(4,323)	20,958	16,677
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	21,026	21,026
Current assets	135	1,081	409	1,625
Creditors falling due within one year	-	(993)	-	(993)
Defined benefit pension liability	-	(4,897)	-	(4,897)
Total net assets	135	(4,809)	21,435	16,761

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 £59k (2017: £66k) were payable to the schemes at 31 August 2018 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' 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 2018

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

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

The employer's pension costs paid to the TPS in the period amounted to £610k (2017: £557k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with 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 £530k (2017: £501k).

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

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	527	497
Employees' contributions	154	142
Total contributions	681	639

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations (Continued)

Principal actuarial assumptions	2018 %	2017 %
Rate of increases in salaries	3.8	3.8
Rate of increase for pensions in payment	2.3	2.3
Discount rate	2.7	2.4
Inflation assumption (CPI)	2.3	2.3

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

	2018 Years	2017 Years
Retiring today		
- Males	23.0	23.0
- Females	25.2	25.8
Retiring in 20 years		
- Males	25.0	25.2
- Females	27.3	28.1

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

The trust's share of the assets in the scheme	2018 Fair value £'000	2017 Fair value £'000
Equities	2,890	3,048
Other bonds	771	445
Cash	95	88
Property	635	536
Other assets	1,023	569
Total market value of assets	5,414	4,686
Actual return on scheme assets - gain/(loss)	222	400

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations

(Continued)

Amounts recognised in the statement of financial activities

2018
£'000

2017
£'000

Current service cost	949	902
Past service cost	11	-
Interest income	(124)	(70)
Interest cost	244	184
Administration expenses	15	-
Total operating charge	1,095	1,016

Changes in the present value of defined benefit obligations

2018
£'000

2017
£'000

Obligations at 1 September 2017	9,583	5,340
Obligations acquired on conversion	-	3,490
Current service cost	949	902
Interest cost	244	184
Employee contributions	154	142
Actuarial gain	(1,044)	(372)
Benefits paid	(175)	(103)
Past service cost	11	-
Effect of non-routine settlements and administration expenses	15	-
At 31 August 2018	9,737	9,583

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

2018
£'000

2017
£'000

Assets at 1 September 2017	4,686	2,619
Assets acquired on conversion	-	1,131
Interest income	124	70
Actuarial gain	98	330
Employer contributions	527	497
Employee contributions	154	142
Benefits paid	(175)	(103)
At 31 August 2018	5,414	4,686

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(1,226)	1,351
Adjusted for:		
Net surplus on conversion to academy	-	(1,107)
Capital grants from DfE/ESFA and other capital income	(1,092)	(2,462)
Investment income receivable	(1)	(1)
Defined benefit pension costs less contributions payable	448	405
Defined benefit pension net finance cost	120	114
Depreciation of tangible fixed assets	405	380
(Increase) in debtors	(492)	(5)
Increase in creditors	208	284
Net cash used in operating activities	(1,630)	(1,041)

21 Commitments under operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	24	29
Amounts due in two and five years	24	51
	48	80

22 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.

THE PRIMARY FIRST TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the financial statements	292	721

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 there were no related party transactions.

Last year £4,920 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.

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 Prior period adjustment

A prior period adjustment affected the figures reported for the comparative period for funds and net income or expenditure, as follows.

	1 September 2016 £'000	31 August 2017 £'000
Reconciliation of funds		
Funds as previously reported	14,708	14,958
Adjustments arising:		
Increase in tangible fixed assets	-	1,803
Funds as restated	14,708	16,761

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

26 Prior period adjustment

(Continued)

	2017 £'000
Reconciliation of net income for the previous financial period	Notes
Net expenditure as previously reported	(452)
Adjustments arising:	
Increase in transfers on conversion	1,818
Depreciation charge	(15)
Net income as restated	<u>1,351</u>

Notes to restatement

In the previous period no evidence was available to the academy to the value of the land and buildings transferred on conversion and consequently no value was attributed to those assets in the financial statements.

During the year ended 31 August 2018 the academy received a desk top valuation from the ESFA for £1,818k and the property and associated depreciation has been included in these financial statements by way of a prior period adjustment.