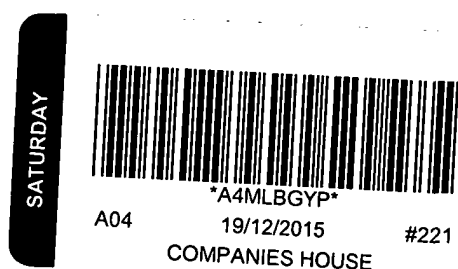


REGISTERED COMPANY NUMBER: 08748904 (England and Wales)

**Report of the Trustees and
Financial Statements for the Year Ended 31 August 2015
for**

Mercia Primary Academy Trust



Haines Watts
Chartered Accountants and Statutory Auditors
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

Mercia Primary Academy Trust

**Contents of the Financial Statements
for the Year Ended 31 August 2015**

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 6
Governance Statement	7 to 10
Statement on Regularity, Propriety and Compliance	11
Statement of Trustees Responsibilities	12
Report of the Independent Auditors	13
Independent Accountant's Report on Regularity	14
Statement of Financial Activities	15 to 16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Cash Flow Statement	19
Notes to the Financial Statements	20 to 33
Detailed Statement of Financial Activities	34 to 35

Mercia Primary Academy Trust

**Reference and Administrative Details
for the Year Ended 31 August 2015**

MEMBERS	M Hambly M L Booth V M C Van Den Bergh
TRUSTEES	L M Colclough (Ofsted Reg. Childminder, Trust director) R J Lane (Chief Executive Officer, Trust Director) V M C Van Den Bergh (Minister Of Religion, Trust Director) S E Boden (Teacher) * M L Booth * R K Hyland (Teacher) (resigned 31.3.15) * W Pell Walpole * V Lawson * J Meah * D Golder N Archer C Keast * T Soult M Hambly * M Couchman * L Moore * R Kingston * M Pitt * A Miladowski (appointed 1.4.15) J Shepherd (resigned 30.9.14) L Kelly (appointed 31.1.15) C Kendall (appointed 30.9.14)

* members of the finance and premises committee

COMPANY SECRETARY	S M Adams
SENIOR MANAGEMENT TEAM	S E Boden (Deputy Headteacher) M L Booth (Deputy Headteacher) S M Adams R J Lane (Executive Headteacher)
REGISTERED OFFICE	Chestnut Avenue Tamworth B79 8QZ
REGISTERED COMPANY NUMBER	08748904 (England and Wales)
AUDITORS	Haines Watts Chartered Accountants and Statutory Auditors Sterling House 97 Lichfield Street Tamworth Staffordshire B79 7QF

Mercia Primary Academy Trust

Report of the Trustees for the Year Ended 31 August 2015

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Academies Accounts Direction issued by the Education Funding Agency.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Mercia Primary Academy Trust was incorporated on 25 October 2013 as a company limited by guarantee (company number 08748904) and an exempt charity. On 1 January 2014, Lark Hall Infant School and Flax Hill Junior School converted from Local Authority Maintained primary schools to the Mercia Primary Academy Trust. The Academy Trust was formed with the support of the governing body and consists of three members (as detailed on page 1). The full governing body approved the conversion to academy status and the adoption of the Memorandum and Articles of Association. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Mercia Primary Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Mercia Primary Academy. Details of the trustees and members who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

As part of the overall insurance cover taken out with third party insurers the Academy has taken out insurance relating to Governors' indemnity. The limit of indemnity cover is £25 million in this respect.

Recruitment and appointment of new trustees

Members may appoint up to five directors, through such process as determined by the members. Parent members of the governing body are elected by parents with a pupil registered at the academy.

Induction and training of new trustees

The training and induction provided for new governors and trustees will depend upon their existing experience. Induction is tailored specifically to the individual. New trustees are invited to attend "Welcome to being a Governor" training event run by Entrust. Webinars are also available for trustees to participate in.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new trustees are provided with an induction pack and an informal induction talk by the Headteacher. Trustees are invited to attend 'Introduction to Governor' training and other courses relevant to their specific areas of interest and the committees they sit on or wish to join. Courses are run by the LA. The Clerk to Trustees keeps a log of courses attended and training is a standard agenda item. Trustees participate in an annual self-review process to highlight any weaknesses and to address any additional training needs.

Organisational structure

The day to day management of the academy is delegated to the Academy leadership Team, as listed on page 1, led by the Headteacher who is the accounting officer.

The Directors of the Trust meet at least 3 times per year. The full board of trustees is separated into two local governing bodies who will meet once a term. Each local governing bodies are separated into the following committee.

1. Finance & General Purposes Committee has overall responsibility for monitoring the Academy budget. It also deals with all matters relating to buildings, including insurance, minor improvements, general repairs and tender procedures for capital projects.

2. Curriculum Committee meets to discuss all matters relating to teaching and learning with updated from phase and subject leaders.

3. The Audit Committee meets annually in the spring term following the production of the audited annual year accounts.

The Headteacher is a Director and acts as ex-officio on the full board of trustees, both local governing bodies and the finance committee. The Deputy is a Governor at the academy.

Related Parties and other Connected Charities and Organisations

Mercia Primary Academy Trust has no connected organisations. The Trust has the following related party relationships:

R Lane (Headteacher) - father owns Arrow software.

The Trust works very closely with Ashcroft Infant & Nursery School. A feeder school to the Junior Academy.

The Trust has an active Parent Association at both academies.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

Buildings and grounds - Regular inspection of the grounds, building structure and fabric are undertaken - A schedule of works is completed annually and reviewed by Governors. Building and contents insurance is in place and reviewed annually. Contingency plans are in place to support unforeseen circumstances.

Health & Safety - Regular inspections are undertaken, overseen by a Governor. The Academy subscribes to a Management Service Level Agreement with the Local Authority who provides support, procedural structure and advice.

Performance - Pupil performance is monitored by the Senior Leadership Team and reported to Governors through termly report. Action plans are created and monitored at pupil level. Staff receive Performance Management Appraisals; opportunities for training are identified and tracked.

Finance - Financial procedures and a Scheme of Delegation are in place. Independent Internal Auditors are appointed who report termly to a Trustee appointed as a Responsible Officer. External auditors have been appointed.

OBJECTIVES AND ACTIVITIES

Objectives and activities

Through partnership between Governors, staff, parents, pupils, external partners and the local community, the Academy Trust will provide the facilities, resources and vision to enable the Academy to flourish and provide pupils with the best possible education.

Objects and Aims

Our Aim - Everyone is valued and shares responsibility for the challenging learning that takes place.

Through partnership between Governors, staff, parents, pupils, external partners and the local community, the Academy Trust will provide the facilities, resources and vision to enable the Academy to flourish and provide pupils with the best possible education.

Objectives, Strategies and Activities

Key priorities for the year are contained in our School Development Plan (SDP) copies of which can be obtained from headteacher@flaxhill.staffs.sch.uk.

Improvement focusses identified for this year include:-

- The teaching and learning of Numeracy, Reading and Writing at Lark Hall
- The teaching and learning of Numeracy and Reading at Flax Hill
- To raise standards of teaching towards outstanding

Public benefit

Mercia Primary Academy Trust is approved by the Department of Education (DfE) and funded wholly by the Education Funding Agency (EFA) to further the education of pupils admitted under the requirements set by the EFA Funding Agreement with the admission of pupils without fee. Parents are able to apply for their children to be admitted in accordance with these requirements. Governors ensure that applications are considered appropriately.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy Trust's aims and objectives and in planning future activities. The objectives of the Academy Trust are detailed above.

**Report of the Trustees
for the Year Ended 31 August 2015**

STRATEGIC REPORT

Achievement and performance

Achievements and performance

Flax Hill Junior has achieved its best set of results ever. The school has made links with both local and national schools, leads the co-ordination of Pupil Premium Support across Staffordshire.

Lark Hall has undergone huge staffing changes with 50% change in teaching staff. This sadly impacted on results but this year's results are expected to be far stronger.

Lark Hall Infant and Nursery Academy	School	National Average (NA) 2014
Nursery children-Speaking and Listening	82% below age expected	N/A
Reception children-Speaking and Listening	74% below age expected	N/A
EYFS-ELG GLD	26%	61%
Communication and Language	50%	61%
Listening and attention	60%	84%
Understanding	41%	84%
Speaking	48%	82%
Writing	26%	67%
Reading	67%	74%
Mathematical development - Numbers	48%	75%
-Shape, space and Measure	49%	79%
Key Stage 1 Phonics	77%	74%
Key Stage 1: 2+	Reading: 72%	Reading: 90%
	Writing: 64%	Writing: 86%
	Maths: 68%	Maths: 92%
Key Stage 1: 2b+	Reading: 72%	Reading: 80%
	Writing: 64%	Writing: 70%
	Maths: 36%	Maths: 81%
Key Stage 1: 3	Reading: 0 %	Reading: 31%
	Writing: 0%	Writing: 16%
	Maths: 4%	Maths: 24%
Expected progress Y1-Y2	Reading: 96%	N/A
	Writing: 85%	
	Maths: 100%	
Nursery children-Speaking and Listening	72% below	N/A
	48% well below	
Reception children-Speaking and Listening	68%	N/A

Flax Hill Junior Academy

Data Summary SAT's July 2015
(Cohort 76)

Headline Data

	Achieving 4 and above	4B and above and 4+ in writing TA	5 and above	3 and below	Low KS1 achieving 4+
Reading and maths test and writing TA	84%	76%	38%	3%	11%

	Middle KS1 achieving 4+	High KS1 achieving 4+	Low KS1 achieving 5	Middle KS1 achieving 5	High KS1 achieving 5
Reading and maths test and writing TA	91%	100%	0%	20%	91%

Progress

	2+ levels of progress	2+ levels of progress in low prior attainment band	2+ levels of progress in medium prior attainment band	2+ levels of progress in high prior attainment band
Progress from KS1-2				
Maths	97%	78%	100%	100%
Reading	92%	67%	93%	100%

Mercia Primary Academy Trust

Report of the Trustees for the Year Ended 31 August 2015

STRATEGIC REPORT

Achievement and performance

Achievements and performance

Writing TA 97% 89% 98% 100%

APS (Average score points)

	Reading		Writing		Numeracy	
	FH	National (2014)	FH	National (2014)	FH	National (2014)
All	29.5	29.0	28.8	27.9	30.2	29
Male	29.5	28.6	28.1	27.0	30.4	29.2
Female	29.6	29.4	30.2	28.7	30.0	28.8
FSM	26.1	27.5	27.0	26.3	28.7	27.2
Non FSM	29.8	29.7	29.0	28.6	30.4	29.8
SEN no statement	23.8	25.6	23.8	24.1	24.7	25.1

End of year attainment and progress (July 2015)

	Age expected attainment in Reading	Expected progress in Reading	Age expected attainment in Writing	Expected progress in Writing	Age expected attainment in Numeracy	Age expected progress in Numeracy
Year 3	85%	95%	82%	94%	76%	100%
Year 2	79%	61%	69%	75%	73%	84%
Year 1	73%	74%	73%	91%	75%	85%

Going concern

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

Financial review

Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements, especially to buildings repair not covered by insurance.

Financial position

The financial position of the trust remains healthy with a current cash surplus of approximately £239,000. The principal sources of income arose from the general access grant (GAG) provided by the Education Funding Agency and Pupil Premium funding.

Investment policy and objectives

The Academy currently has no material investments.

Principal risks and uncertainties

The principal risks and uncertainties identified by the Trustees are those which may have a substantial impact on the provision of education. These include the loss of / long term illness of key members of staff, fire and flood, loss of computer systems. These risks are addressed so as to minimise any impact on the Academy, for instance ensuring adequate insurance is held and up to date and using the County Council for holding the computerised financial records.

Future developments

In accordance with the aims and objectives of Mercia Primary Academy Trust, it will continue to further the education and drive improvements in the performance of all pupils to the best of their abilities. The Academy will continue to develop its resources, assets and staff to achieve these aims and objectives.

FUNDS HELD AS CUSTODIAN FOR OTHERS

The Academy has no such funds.

Mercia Primary Academy Trust

**Report of the Trustees
for the Year Ended 31 August 2015**

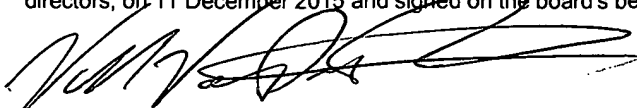
AUDITORS

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 auditors is aware of that information.

It is proposed that the auditors, Haines Watts, be re-elected for the coming year.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 11 December 2015 and signed on the board's behalf by:



V M C Van Den Bergh - Minister Of Religion, Trust Director

Mercia Primary Academy Trust

Governance Statement for the Year Ended 31 August 2015

Scope of Responsibility

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

The board of the 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 Mercia Primary Academy 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 Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 1 time during the year. Attendance during the year at meetings of the board of trustees was as follows:

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Directors has formally met three times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

Director	Meetings attended	Out of a possible
V Van Den Bergh (Chair)	3	3
R Lane	3	3
L Colclough	3	3

The Joint Governing Body have met formally three times during the period. Attendance as follows:

Governor	Meetings attended	Out of a possible
W Pell-Walpole (FH) (Chair)	3	3
M Couchman (LH) (Chair)	2	3
R Lane (Headteacher)	3	3
V Lawson (FH)	2	3
J Meah (FH)	3	3
S Boden (FH)	3	3
D Golder (FH)	2	3
N Taylor (FH)	3	3
C Keast (FH)	2	3
T Soult (FH)	2	3
M Hambly (FH)	1	3
L Colclough (FH)	2	3
M Booth (LH)	3	3
M Pitt (LH)	3	3
R Hyland (LH)	1	1
R Kingstone (LH)	1	3
Rev. V Van den Bergh (LH)	1	3
A Miladowski (LH)	1	1
L Kelly(LH)	2	2
C Kendall (LH)	2	2

The finance and general purposes committee is a sub-committee of the main board of trustees. Its purpose is to have oversight of the day to day running of the academy finances. To approve the budget forecast at local level prior to authorisation by the Trust directors.

The Lark Hall Finance Committee has met once during the period. Attendance as follows:

Governor	Meetings attended	Out of a possible
M Couchman (Chair)	1	1
V Van Den Bergh	1	1
M Booth (Staff)	1	1
R Hyland (Staff)	1	1
M Pitt (Staff)	1	1
R Kingstone	0	1
R Lane	1	1

Mercia Primary Academy Trust

Governance Statement for the Year Ended 31 August 2015

The Flax Hill Finance Committee has met twice during the period. Attendance as follows:

Governor	Meetings attended	Out of a possible
W Pell-Walpole (Chair)	1	2
M Hambly	1	2
C Keast	1	2
D Golder	2	2
J Meah (Staff)	1	2
V Lawson (Staff)	1	2
S Boden (Staff)	2	2
R Lane	2	2

The Mercia Audit Committee has met once during the period. Attendance as follows:

Governor	Meetings attended	Out of a possible
R Lane	1	1
T Soult	0	1
C Kendall	1	1
N Taylor	1	1

Review of Value for Money

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

The accounting officer considers how the 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 academy trust has delivered improved value for money during the year by:

I set out below how I have ensured that the Academy Trust's use of resources has provided good value for money during the academic year.

Financial Performance

The Trust has a strong financial governance oversight. The Trust has an annual internal audit and financial health check provided by Staffordshire County Council. The service reviews the financial systems and procedure in place and their findings are reported back to the Trustees and Directors of the Trust.

The finance committee received comprehensive termly reports.

A cashless system has been introduced at one academy to assist parents and to reduce admin costs and time.

Following a successful transition this will be introduced into both academies.

A pre-school/wraparound care facility has been introduced to meet local demand and to encourage the numbers coming into Nursery and subsequently feeding through future year groups. Think2 funding has been accessed for those families eligible.

The provision of the Breakfast Club previously contracted out to a third party has been brought in-house with staff directly employed by the Trust.

The Trust has actively encouraged local community groups to use our facilities eg. Tiny Talk, Lottie's Tots and Chatter tots. Again encouraging parents with pre-school children to have the opportunity to see what we can offer.

The Trust has a number of regular lettings to external providers which generates additional income.

The Trust continues to be involved with the local cluster of primary and secondary schools and have undertaken peer to peer reviews.

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 charitable company 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 Mercia Primary Academy Trust for the period 1 September 2014 to 31 August 2015 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 charitable company 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 on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Finance Committee of reports which indicate financial performance against 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 to appoint Staffordshire County Council Internal Audit Services as an independent internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations
- annually a report is present to the Governing Body and audit committee with their findings and recommendations

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:

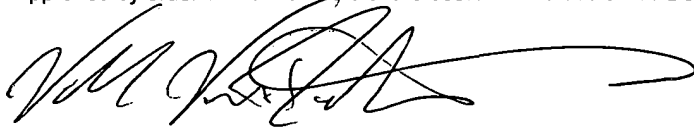
- the work of the Independent Internal Auditor;
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Mercia Primary Academy Trust

**Governance Statement
for the Year Ended 31 August 2015**

Approved by order of the members of the board of trustees on 11 December 2015 and signed on its behalf by:



V M C Van Den Bergh - Minister Of Religion, Trust Director



Richard Lane - Accounting Officer

Mercia Primary Academy Trust

Statement of Trustees Responsibilities for the Year Ended 31 August 2015

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

Company law requires the 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 2005;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

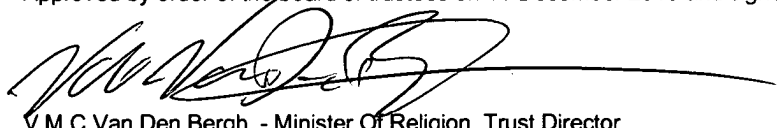
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

Approved by order of the board of trustees on 11 December 2015 and signed on it's behalf by:



V M C Van Den Bergh - Minister Of Religion, Trust Director

Mercia Primary Academy Trust

**Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2015**

As accounting officer of Mercia Primary Academy Trust I have considered my responsibility to notify the charitable company board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the charitable company 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.

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

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 EFA.



Richard Lane - Accounting Officer

11 December 2015

Report of the Independent Auditors to the Members of Mercia Primary Academy Trust

We have audited the financial statements of Mercia Primary Academy Trust for the year ended 31 August 2015 on pages fifteen to thirty three. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency (EFA).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page twelve, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 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 Academies Accounts Direction 2014 to 2015 issued by the EFA.

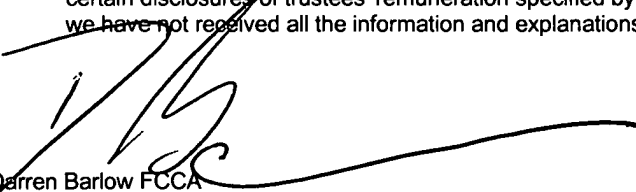
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Darren Barlow FCCA
Haines Watts Haines Watts
Chartered Accountants and Statutory Auditors
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

11 December 2015

**Independent Reporting Accountant's Assurance Report on Regularity to
Mercia Primary Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mercia Primary Academy Trust during the period 1 September 2014 to 31 August 2015 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 Mercia Primary Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Mercia Primary Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mercia Primary Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Mercia Primary Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Mercia Primary Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

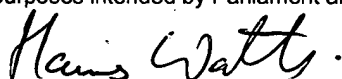
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Haines Watts
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

2 December 2015

Mercia Primary Academy Trust

**Statement of Financial Activities
for the Year Ended 31 August 2015**

					Year Ended 31.8.15	Period 25.10.13 to 31.8.14
	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £	Total funds £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	18,787	-	-	18,787	18,063
Voluntary income - Transfer from Local Authority on conversion		-	-	-	-	2,295,824
Activities for generating funds	3	12,506	2,992	-	15,498	7,889
Investment income	4	331	-	-	331	143
Incoming resources from charitable activities						
Academy's educational operations	5	-	1,597,145	-	1,597,145	991,286
Total incoming resources		31,624	1,600,137	-	1,631,761	3,313,205
RESOURCES EXPENDED						
Costs of generating funds						
Investment management costs	7	-	14,000	-	14,000	-
Charitable activities						
Academy's educational operations	8	11,614	1,572,633	48,200	1,632,447	966,759
Governance costs	9	-	17,858	-	17,858	9,105
Total resources expended	6	11,614	1,604,491	48,200	1,664,305	975,864
NET INCOMING/(OUTGOING) RESOURCES		20,010	(4,354)	(48,200)	(32,544)	2,337,341
Gross transfers between funds	17	-	(5,619)	5,619	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		20,010	(9,973)	(42,581)	(32,544)	2,337,341
Other recognised gains/losses						
Actuarial gains/losses on defined benefit schemes		-	(22,000)	-	(22,000)	(584,000)
Net movement in funds		20,010	(31,973)	(42,581)	(54,544)	1,753,341
RECONCILIATION OF FUNDS						
Total funds brought forward		155,857	(548,867)	2,146,351	1,753,341	-
TOTAL FUNDS CARRIED FORWARD		175,867	(580,840)	2,103,770	1,698,797	1,753,341

The notes form part of these financial statements

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

Mercia Primary Academy Trust

**Balance Sheet
At 31 August 2015**

					2015	2014
	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £	Total funds £
FIXED ASSETS						
Tangible assets	13	-	-	2,103,770	2,103,770	2,146,351
CURRENT ASSETS						
Debtors	14	2,336	59,928	-	62,264	79,358
Cash at bank and in hand		212,152	88,662	-	300,814	221,201
		<u>214,488</u>	<u>148,590</u>	-	<u>363,078</u>	<u>300,559</u>
CREDITORS						
Amounts falling due within one year	15	(38,620)	(76,431)	-	(115,051)	(109,569)
NET CURRENT ASSETS		<u>175,868</u>	<u>72,159</u>	-	<u>248,027</u>	<u>190,990</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		175,868	72,159	2,103,770	2,351,797	2,337,341
PENSION LIABILITY	18	-	(653,000)	-	(653,000)	(584,000)
NET ASSETS		<u>175,868</u>	<u>(580,841)</u>	<u>2,103,770</u>	<u>1,698,797</u>	<u>1,753,341</u>
FUNDS	17					
Unrestricted funds					175,868	155,857
Restricted funds:						
General Annual Grant (GAG)					44,102	27,559
Other Government Grants					19,627	5,275
Restricted Fixed Asset Fund					2,103,770	2,146,351
Capital Grant					8,430	2,299
Pension scheme					(653,000)	(584,000)
					<u>1,522,929</u>	<u>1,597,484</u>
TOTAL FUNDS					<u>1,698,797</u>	<u>1,753,341</u>

The financial statements were approved by the Board of Trustees on 11 December 2015 and were signed on its behalf by:



R J Lane -Chief Executive Officer, Trust Director



V M C Van Den Bergh -Minister Of Religion, Trust Director

The notes form part of these financial statements

Mercia Primary Academy Trust

**Cash Flow Statement
for the Year Ended 31 August 2015**

		Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Net cash inflow from operating activities	Notes 1	84,901	94,995
Cash transferred on conversion to an academy		-	146,924
Returns on investments and servicing of finance	2	331	143
Capital expenditure and financial investment	2	(5,619)	(20,861)
Increase in cash in the period		<u>79,613</u>	<u>221,201</u>

**Reconciliation of net cash flow to movement in
net debt**

3

Increase in cash in the period	79,613	221,201
Change in net debt resulting from cash flows	79,613	221,201
Movement in net debt in the period	<u>79,613</u>	<u>221,201</u>
Net debt at 1 September	221,201	-
Net debt at 31 August	<u>300,814</u>	<u>221,201</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2015

1. RECONCILIATION OF NET (OUTGOING)\INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Net (outgoing)\incoming resources	(32,544)	2,337,341
Depreciation charges	48,200	23,410
Transfer from Local Authority on conversion	-	(2,295,824)
Interest received	(331)	(143)
Decrease/(increase) in debtors	17,094	(79,358)
Increase in creditors	5,482	109,569
Difference between pension charge and cash contributions	47,000	-
Net cash inflow from operating activities	84,901	94,995

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Returns on investments and servicing of finance		
Interest received	331	143
Net cash inflow for returns on investments and servicing of finance	331	143
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(5,619)	(20,861)
Net cash outflow for capital expenditure and financial investment	(5,619)	(20,861)

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.14 £	Cash flow £	At 31.8.15 £
Net cash:			
Cash at bank and in hand	221,201	79,613	300,814
Total	221,201	79,613	300,814

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency (EFA) and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and in accordance with applicable accounting standards the Companies Act 2006, the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities and the Academies Accounts Direction 2014 to 2015 issued by the EFA.

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the Academy charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Grants receivable

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

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

Donations

Donations are recognised on a receivable basis where there is a certainty of receipt and the amount can be reliably measured.

Other income

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

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefits to the Academy 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 Academy's policies.

1. ACCOUNTING POLICIES - continued

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources, with central staff costs allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Cost of generating funds

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

Charitable activities

These are costs incurred on the Academy's educational operations.

Governance costs

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

All resources expended are inclusive if irrecoverable VAT.

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Long leasehold assets have been valued in the period based upon information available.

Depreciation

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/reducing balance basis over its expected useful lives, as follows:

Long leasehold buildings	50 years straight line
Plant and machinery	10 years straight line
Fixtures, fittings and equipment	5 years straight line
ICT equipment	3 years straight line

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

Taxation

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency (EFA) 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 EFA.

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

As described in note 17 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

2. VOLUNTARY INCOME

	Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Donations	18,787	18,063

3. ACTIVITIES FOR GENERATING FUNDS

	Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Fundraising events	2,692	74
Shop income	1,630	64
Sponsorships	300	1,584
Hire of facilities	10,876	6,167
	15,498	7,889

4. INVESTMENT INCOME

	Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Deposit account interest	331	143

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.15 Total funds £	Period 25.10.13 to 31.8.14 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	1,366,377	1,366,377	848,053
Start Up Grants	-	4,006	4,006	22,789
Other EFA Grants	-	147,890	147,890	83,104
Capital Grant	-	11,750	11,750	4,865
	-	1,530,023	1,530,023	958,811
Other government grant				
Other Government Grants	-	67,122	67,122	32,475
	-	1,597,145	1,597,145	991,286

6. RESOURCES EXPENDED

	Staff costs £	Non-pay expenditure Premises £	Other costs £	Year Ended 31.8.15 Total £	Period 25.10.13 to 31.8.14 Total £
Costs of generating funds					
Investment management costs	-	-	14,000	14,000	-
Charitable activities					
Academies educational operations					
Direct costs	1,243,782	-	224,608	1,468,390	870,826
Allocated support costs	-	148,628	15,429	164,057	95,933
	1,243,782	148,628	254,037	1,646,447	966,759
Governance costs including allocated support costs	-	-	17,858	17,858	9,105
	1,243,782	148,628	271,895	1,664,305	975,864

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

6. RESOURCES EXPENDED - continued

Net resources are stated after charging/(crediting):

	Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Auditors' remuneration	10,098	7,698
Depreciation - owned assets	48,200	23,410

7. INVESTMENT MANAGEMENT COSTS

	Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Interest payable and similar charges	14,000	-

8. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.15 Total funds £	Period 25.10.13 to 31.8.14 Total funds £
Direct costs				
Teaching and educational support staff	7,484	1,236,298	1,243,782	735,307
Technology costs	-	24,256	24,256	17,561
Educational supplies	6,670	88,625	95,295	63,307
Staff development	42	9,068	9,110	4,278
Goods and services	(2,582)	98,529	95,947	50,373
	11,614	1,456,776	1,468,390	870,826
Allocated support costs				
Depreciation	-	48,200	48,200	23,410
Maintenance of premises and equipment	-	57,044	57,044	36,722
Rent and rates	-	3,601	3,601	2,346
Energy costs	-	30,164	30,164	16,774
Insurance	-	22,734	22,734	15,886
Security and transport	-	2,314	2,314	795
	-	164,057	164,057	95,933
	11,614	1,620,833	1,632,447	966,759

9. GOVERNANCE COSTS

	Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Auditors' remuneration	10,098	7,698
Governor support	7,760	1,407
	<u>17,858</u>	<u>9,105</u>

Governor support costs are costs incurred by the Trust solely in order to enable the governors to carry out their duties.

10. TRUSTEES' REMUNERATION AND BENEFITS

The executive headteacher and staff trustees only received remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees.

As stated in the Strategic Report conversion to Academy status took place on the 1st January 2014; as a result comparative figures cover the period from 1 January to 31 August 2014.

The value of trustees' remuneration was as follows:

	2015 (12m)	2014 (8m)
R Lane (Executive Headteacher and trustee in the year)	£85-90,000	£50-55,000
S E Boden	£60-65,000	£40-45,000
M L Booth	£50-55,000	£30-35,000
R K Hyland	£20,25,000	£15,20,000
V Lawson	£30-31,000	£15-20,000
J Meah	£20-25,000	£30-35,000
M Pitt	£20-25,000	£10-15,000
A Miladowski	£10-15,000	N/A

Trustees' expenses

There were no trustees' expenses paid for during the year ended 31 August 2015 nor for the eight month operating period ended 31 August 2014.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

11. STAFF COSTS

	Year Ended 31.8.15 £	Period 25.10.13 to 31.8.14 £
Wages and salaries	750,817	487,103
Social security costs	52,457	33,448
Other pension costs	147,490	72,285
	<u>950,764</u>	<u>592,836</u>
Supply teacher costs	84,801	41,678
Compensation payments	(6,835)	(6,250)
No description	215,052	107,043
	<u>1,243,782</u>	<u>735,307</u>

The average number of persons (including senior management team) employed by the charitable company during the year expressed as full time equivalents was as follows:

	Year Ended 31.8.15	Period 25.10.13 to 31.8.14
Teaching staff	25	24
Admin and other non teaching staff	8	7
	<u>33</u>	<u>31</u>

The number of employees whose emoluments fell within the following bands was:

	Year Ended 31.8.15	Period 25.10.13 to 31.8.14
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
	<u>2</u>	<u>1</u>

These employees participated in the Teacher's Pension Scheme; during the period contributions on their behalf amounted to £18,534.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5m on any one claim in each academy and the cost for the period ended 31 August 2015 was £610.

The cost of this insurance is included in the total insurance cost.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

13. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 September 2014	2,122,566	6,000	12,484	28,711	2,169,761
Additions	2,255	-	2,626	738	5,619
At 31 August 2015	2,124,821	6,000	15,110	29,449	2,175,380
DEPRECIATION					
At 1 September 2014	14,563	400	1,558	6,889	23,410
Charge for year	35,085	600	2,740	9,775	48,200
At 31 August 2015	49,648	1,000	4,298	16,664	71,610
NET BOOK VALUE					
At 31 August 2015	2,075,173	5,000	10,812	12,785	2,103,770
At 31 August 2014	2,108,003	5,600	10,926	21,822	2,146,351

Included in cost or valuation of long leasehold land and buildings is land valued at £370,000 which has not been depreciated.

The property transferred on conversion has been valued by Mouchel on the "value to the business" model. The valuers have calculated a depreciated replacement cost - they have considered the cost of repairing the property with a modern equivalent and then adjusted for deterioration and any relevant obsolescence and optimisation.

Land and buildings were valued as at 31 March 2014.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade debtors	2,336	239
Other debtors	308	308
VAT	18,955	38,396
Prepayments and accrued income	40,665	40,415
	<u>62,264</u>	<u>79,358</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	38,620	22,987
Social security and other taxes	38,929	35,729
Accruals and deferred income	37,502	50,853
	<u>115,051</u>	<u>109,569</u>

Deferred Income

	2015 £	2014 £
Resources deferred in the period	28,495	31,544
At 31 August 2015	<u>28,495</u>	<u>31,544</u>

Deferred income shown above is included within Other creditors in note 14. Deferred income for 2015 represents monies received with respect to the Academy activities taking place after 31 August 2015.

16. MEMBERS' LIABILITY

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

17. MOVEMENT IN FUNDS

	At 1.9.14 £	Net movement in funds £	Transfers between funds £	At 31.8.15 £
Unrestricted funds				
Unrestricted funds	155,857	20,011	-	175,868
Restricted funds				
General Annual Grant (GAG)	27,559	34,405	(17,862)	44,102
Other Government Grants	5,275	14,352	-	19,627
Governance	-	(17,862)	17,862	-
Restricted Fixed Asset Fund	2,146,351	(48,200)	5,619	2,103,770
Capital Grant	2,299	11,750	(5,619)	8,430
Pension scheme	(584,000)	(69,000)	-	(653,000)
	<u>1,597,484</u>	<u>(74,555)</u>	<u>-</u>	<u>1,522,929</u>
TOTAL FUNDS	<u>1,753,341</u>	<u>(54,544)</u>	<u>-</u>	<u>1,698,797</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

17. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted funds	31,624	(11,613)	-	20,011
Restricted funds				
General Annual Grant (GAG)	1,366,377	(1,331,972)	-	34,405
Other EFA grants	151,896	(151,896)	-	-
Other Government Grants	67,122	(52,770)	-	14,352
Private Sector Sponsorship	2,992	(2,992)	-	-
Restricted Fixed Asset Fund	-	(48,200)	-	(48,200)
Capital Grant	11,750	-	-	11,750
Governance	-	(17,862)	-	(17,862)
Pension scheme	-	(47,000)	(22,000)	(69,000)
	<u>1,600,137</u>	<u>(1,652,692)</u>	<u>(22,000)</u>	<u>(74,555)</u>
TOTAL FUNDS	<u><u>1,631,761</u></u>	<u><u>(1,664,305)</u></u>	<u><u>(22,000)</u></u>	<u><u>(54,544)</u></u>

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education Funding Agency and Staffordshire County Council.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education Funding Agency and Staffordshire County Council where the asset acquired or created is held for a specific purpose.

17. MOVEMENT IN FUNDS - continued

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total 2015 £
Flax Hill Junior School	185,174
Lark Hall Infant School	62,853
Total before fixed assets and pension reserve	248,027
Restricted fixed asset fund	2,103,770
Pension reserve	(653,000)
Total funds	1,698,797

Analysis of academies by cost

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

	Teaching & educational support staff costs £	Educational supplies £	Other costs (excluding) depreciation £	Total £
Flax Hill Junior School	804,669	71,979	177,333	1,053,981
Lark Hall Infant School	406,113	23,316	125,934	555,363
Academy trust	1,210,782	95,295	303,267	1,609,344

Central Services

No central services were provided by the trust to its academies during the period and no central charges arose.

18. PENSION AND SIMILAR OBLIGATIONS

The Academy'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 Hymans Robertson LLP. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent actuaries. The latest actuarial valuation of the TPS and LGPS was 31 August 2015.

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

Upon conversion to Academy status Mercia Primary Academy Trust inherited a pension scheme liability of £452,000 relating to the LGPS.

18. PENSION AND SIMILAR OBLIGATIONS
- continued

Teachers' pension scheme

The school participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme it is not possible to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates.

Valuation of the Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

The pension charge for the year includes contributions payable to the TPS of £83,308. At the year end £nil was accrued in respect of contributions payable to this scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £85,000, of which employer's contributions totalled £65,000 and employees' contributions totalled £20,000. The agreed contribution rates for future years are 19 per cent for employers.

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

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2015	2014
	£	£
Fair value of plan assets	479,000	382,000
	<u>479,000</u>	<u>382,000</u>
Surplus	479,000	382,000
	<u>479,000</u>	<u>382,000</u>
Net asset	<u>479,000</u>	<u>382,000</u>

18. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2015	2014
	£	£
Current service cost	98,000	44,000
Interest cost	38,000	24,000
Expected return	(24,000)	(14,000)
	<u>112,000</u>	<u>54,000</u>
Actual return on plan assets	<u>12,000</u>	<u>24,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2015	2014
	£	£
Defined benefit obligation	(966,000)	(765,000)
Current service cost	(98,000)	(44,000)
Contributions by scheme participants	(20,000)	(11,000)
Interest cost	(38,000)	(24,000)
Actuarial losses/(gains)	(10,000)	(122,000)
	<u>(1,132,000)</u>	<u>(966,000)</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2015	2014
	£	£
Fair value of scheme assets	382,000	313,000
Contributions by scheme participants	85,000	45,000
Expected return	24,000	14,000
Actuarial gains/(losses)	(12,000)	10,000
	<u>479,000</u>	<u>382,000</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2015	2014
	£	£
Equities	354,000	290,000
Bonds	53,000	50,000
Property	43,000	31,000
Cash	29,000	11,000
	<u>479,000</u>	<u>382,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2015	2014
Discount rate	3.7%	3.7%
Expected return on scheme assets	3.7%	5.6%
Future salary increases	4.5%	4.4%
Future pension increases	2.6%	2.6%

18. PENSION AND SIMILAR OBLIGATIONS
- continued

Mortality rates	Male	Female
Current pensioners	22.1 years	24.3 years
Future pensioners	24.3 years	26.6 years

Amounts for the current and previous period are as follows:

	2015 £	2014 £
Defined benefit pension plans		
Defined benefit obligation	(1,132,000)	(966,000)
Fair value of scheme assets	479,000	382,000
Deficit	(653,000)	(584,000)

19. RELATED PARTY DISCLOSURES

During the period there were no material transactions with related parties as defined by FRS8 other than those listed below.

During the period Our House Childcare Limited, a company in which a director has an interest, provided an after school club for the use of pupils attending Trust schools and associated feeder schools.

Room facilities were provided to the club free of charge on the basis that the club would be for the overall benefit of the pupils. Charges that would have been otherwise incurred amounted to £700.