

Townfield Primary School

Financial Statements

Year Ended

31 August 2018

Company Number 09119526



Townfield Primary School
(A Company Limited by Guarantee)

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Reference and Administrative Details
For the Year Ended 31 August 2018

Members	Edward Behan Janet Taylor Paul Natton Katherine Lee (resigned 31 December 2017) Kathy Schofield (appointed 22 January 2018) Murray Freeman (appointed 22 January 2018)
Trustees	Mr J Moorhead Mr N Court Mrs A Shillinglaw Mrs L Carroll Mr D Stitcher Mr T McDonough Mrs K Griffiths Mrs C Prosser (appointed 1 September 2017)
Company registered number	09119526
Company name	Townfield Primary School
Principal and registered office	Townfield Lane Prenton CH43 2LH
Company secretary	Miss M Anderson
Senior leadership team	Head Teacher – Mr D Stitcher Deputy Head Teacher – Mrs A Durham Assistant Head Teacher – Mr M Hughes Assistant Head Teacher – Mrs C Kinnear School Business Manager – Mr P Jones
Independent auditors	BDO LLP 5 Temple Square Temple Street Liverpool L2 5RH
Bankers	Lloyds Bank Wirral Birmingham OSC 4 Ariel House 2138 Coventry Road Sheldon B26 3JW
Solicitors	Hill Dickinson No. 1 St. Pauls Square Liverpool L3 9SJ

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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 period 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. Comparative figures in the financial statements are for the period 1 September 2016 to 31 August 2017.

The trust operates an academy for pupils aged 2 to 11 serving a catchment area in Wirral. It has a pupil capacity of 426 and had a roll of 570 in the school census on 18 May 2018.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Townfield Primary School are also the directors of the charitable company for the purposes of company law. The charitable company operates as Townfield Primary School. Details of the Trustees who served during the year and to the date these accounts are approved 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

There have been no third party indemnity provisions during the financial year.

Method of Recruitment and Appointment or Election of Trustees

The Members (listed on page 1) may appoint up to 17 Governors and may appoint Staff Governors through such process as they may determine.

The total number of Governors (including the Head Teacher) who are employees of the Academy Trust shall not exceed one third of the total number of Governors.

Subject to Article 57, Parent Governors shall be elected by parents of registered pupils at the academy. A Parent Governor must be a parent of a pupil at the academy at the time when he is elected. The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the academy. Any election of Parent Governors which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the academy.

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so. The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

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For the Year Ended 31 August 2018 (continued)

In appointing a Parent Governor the Governing Body shall appoint a person who is the parent of a registered pupil at the academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

When seeking to recruit new Trustees the Members will meet to discuss the skills gaps within the existing Governing Body and recruit someone with the skills to fill any such gaps.
Policies and Procedures Adopted for the Induction and Training of Trustees

Any new Trustee is met prior to the first meeting by one of the Members. They are given a Governor induction pack containing lots of useful information about the school including key documents such as the 'Articles of Association'. They are asked to complete a skills analysis and any further training needs discussed. Governors receive regular training on financial management and Governor legislation. Other training is provided such as safer recruitment and safeguarding training specifically to those who require it for duties undertaken as part of their role. Any additional training needs can be discussed with the Clerk to Governors.

Organisational Structure

Governing Body/Trustees

The governing body has overall responsibility for administration of the Academy's finances. The main financial responsibilities of the governing body are prescribed in the Funding Agreement between the Academy and the DfE. The main responsibilities include:

- Ensure the grant from the DfE and other Restricted funding is used for the purposes intended;
- Approval of the annual budget and any material changes;
- Ensure a Scheme of Delegation is in place;
- Ensure assets are managed;
- Ensure accurate accounting records are maintained;
- Ensure the budget monitoring statements are a true and accurate record on income and expenditure;
- Approval of the Annual Statutory Account.

The main financial responsibilities of the Governing Body are detailed in their terms of Reference, these include:

- Initial review and recommendation to the Governing Body of the annual budget;
- Regular monitoring of actual expenditure and income against budget;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- Authorising the award of contracts up to the amount stated in the Scheme of Delegation;
- Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the governing body;
- To review the financial policies of the academy and where necessary make recommendations to the GB.

Head Teacher (Accounting Officer)

The Head Teacher has overall executive responsibility for the Academy. The Head Teacher retains responsibilities for:

- Approving new staff appointments within the authorised establishment;
- Authorising contracts up to the amount stated in the Scheme of Delegation, reporting these decisions to monthly meetings;
- Signing cheques as detailed in the scheme of delegation;
- Debit Card Holder;
- On-Line Banking & BACS Authorisation.

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Trustees' Report
For the Year Ended 31 August 2018 (continued)

The funding agreement identified the Head Teacher as the Accounting Officer who is personally the governing body for;

- Ensuring regularity and propriety
- Prudent and economic administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources; and
- The day to day organisation, staffing and management of the academy.

The Accounting Officer has the duty to take action if the Governing Body or Chairman is contemplating a course of action, which he or she considers an infringement of propriety or regularity. Objections should be put in writing to the governing body details sent to the Permanent Secretary and the academy's external auditors.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities.

School Business Manager (Chief Financial Officer)

The School Business Manager works in close collaboration with the Head Teacher through whom he is responsible to the Governors. The School Business Manager also has direct access to the Governors via monthly meetings. The main responsibilities of the School Business Manager are;

- The day to day management of financial issues including the establishment and operation of suitable accounting systems;
- The management of academy's financial position at strategic and operational level;
- The maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- Preparation of monthly management accounts;
- Ensuring forms and returns are sent to the DfE in line with their reporting deadlines;
- Signing cheques / authorising BACs in accordance with the Bank Mandates;
- Liaison with payroll, preparation of staff claims and reconciliation of payroll data from the Academy's payroll service provider;
- Management of the Academy's Service Level Agreements;
- Authorising orders and the award of contracts up to the amount stated in the Scheme of Delegation;
- Signing cheques as detailed in the scheme of delegation;
- Debit Card Holder;
- On-Line Banking & BACS Authorisation.

Responsible Officer

Checks and balances need to be put in place to ensure that the financial management arrangements within the Academy are monitored. The DfE (Department for Education) recommends a Responsible Officer (RO) is appointed to fulfil this role. The Academy Trustees will act jointly as the Responsible Officers.

The Responsible Officer is intended to provide an independent oversight of the Academy's financial affairs. The main duties of the RO are to provide the governing body within on-going independent assurance that:

- The financial responsibilities of the governing body are being properly discharged;
- Resources are being managed in an efficient; economic and effective manner;
- Sound systems of internal financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

The Governing Body appointed Mrs Poland from the local Authority LMS Team (former Bursar of the school) in September 2014 to act as an external body to independently undertake the duties of the Responsible Officer. A programme of checks will be agreed with the governing body and Mrs Poland will carry out financial reviews in order to provide the governing body and indirectly the Department for Education with the required assurance. These reviews will be undertaken termly.

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Trustees' Report
For the Year Ended 31 August 2018 (continued)

The RO will undertake the checks and balances in line with the recommendations shown in the Financial Handbook.

General areas for review will cover the following:

- Review that bank reconciliations have been carried out each month.
- Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed (refer to Finance and Personnel committee minutes)
- Check sample orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised.
- Check of sample payments back to invoices, orders and delivery notes to confirm they are bona fide purchases.
- Review a sample of expense claims to ensure the appropriate documentation to support the claim and that the claim is appropriately authorised.
- Review returns to Department for Education to ensure the information supplied is consistent with the underlying records and internal management reports.
- Carry out spot checks of petty cash balances and supporting vouchers
- Review all major contracts and ensure formal tender procedures exist and are being followed.

Mrs Poland will produce a full report after each RO visit to the Academy's Members who will personally report findings of each visit to the Governing Body. Due to sickness the RO has only been able to visit once in the financial year so the Trust has opted to use the services of BDO to complete the role for the summer term, to ensure two reviews had been undertaken in relation to the financial year. The second visit is scheduled for January 2019. A decision will be made by Trustees whether to appoint BDO to support with the role on a permanent basis for next financial year.

Finance Administrator

The Finance Administrator works in close collaboration with and is directly responsible to the School Business Manager. The main responsibilities include;

- Day to day running of School Cash Office
- Cash collection
- Weekly banking
- Order and invoice processing

Deputy Head Teacher

The Deputy Head Teacher will assume the financial responsibilities if the Head Teacher is absent.

Arrangements for Setting Pay and Remuneration of Key management Personnel

The Academy has its own performance management policy that is reviewed and approved by the trustees annually. All staff have an annual performance management review and the Academy follows the national pay and conditions for teachers and the Local Authority pay and conditions for non-teaching staff. Pay for the Senior Leaders of the Academy Trust is also reviewed annually as part of the performance management process. The Head Teacher's performance management is undertaken by the Chair of Governors. The Head Teacher will then complete the performance management of the remaining Senior Leaders and any pay increments discussed with the Trustees. None of the Trustees are paid for the work they undertake however any out of pocket expenses for attending training etc will be reimbursed.

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Academy Trustees' Report
For the Year Ended 31 August 2018 (continued)

Trade union facility time

The Academy Trust buys into a service level agreement (SLA) with the Local Authority for trade union facility time and none of the trusts employees are union officials and there for no time has been spent by employees on facility time. The SLA ensures the Academy Trust has appropriate arrangements in place for trade union recognition, representation of individual members and collective consultation and negotiation.

Related Parties and other Connected Charities and Organisations

The Trustee C Prosser is a Legal Director at Hill Dickinson who are the firm of solicitors currently appointed on a retainer by the Academy Trust. Other than this there are no other connected charities or organisations.

Objectives and Activities

To advance, or the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Objects and Aims

- a) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and to operate bank accounts in the name of the Academy Trust;
- b) to raise funds and to invite and receive contributions provided that in raising funds the Academy Trust shall not undertake any substantial permanent trading activities and shall conform to any relevant statutory regulations;
- c) to acquire, alter, improve and (subject to such consents as may be required by law) to charge or otherwise dispose of property;
- d) subject to Article 6 below to employ such staff, as are necessary for the proper pursuit of the Object and to make all reasonable and necessary provision for the payments of pensions and superannuation to staff and their dependants;
- e) to establish or support, whether financially or otherwise, any charitable companies, trusts, associations or institutions formed for all or any of the Object;
- f) to co-operate with other charities, other independent and maintained schools, schools maintained by a local authority, voluntary bodies and statutory authorities operating in furtherance of the Object and to exchange information and advice with them;
- g) to pay out of funds of the Academy Trust the costs, charges and expenses of and incidental to the formation and registration of the Academy Trust;
- h) to establish, maintain, carry on, manage and develop the Academy at Townfield Lane, Prenton, CH43 2LH;
- i) to offer scholarships, exhibitions, prizes and awards to pupils and former pupils, and otherwise to encourage and assist pupils and former pupils;
- j) to provide educational facilities and services to students of all ages and the wider community for the public benefit;

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Trustees' Report
For the Year Ended 31 August 2018 (continued)

- k) to carry out research into the development and application of new techniques in education in particular in relation to its approach to curriculum development and delivery and to publish the results of such research,
- l) and to develop means of benefiting from application of the experience of industry, commerce, other schools and the voluntary sector to the education of pupils in academies;
- m) subject to such consents as may be required by law and/or by any contract entered into by or on behalf of the Academy Trust to borrow and raise money for the furtherance of the Object in such manner and on such security as the Academy Trust may think fit;
- n) to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Object (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification);
- o) to delegate the management of investments to a financial expert, but only on terms that:
 - i. the investment policy is set down in writing for the financial expert by the Governors;
 - ii. every transaction is reported promptly to the Governors;
 - iii. the performance of the investments is reviewed regularly with the Governors;
 - iv. the Governors are entitled to cancel the delegation arrangement at any time;
 - v. the investment policy and the delegation arrangement are reviewed at least once a year;
 - vi. all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Governors on receipt; and
 - vii. the financial expert must not do anything outside the powers of the Governors.
- p) to arrange for investments or other property of the Academy Trust to be held in the name of a nominee company acting under the control of the Governors or of a financial expert acting under their instructions, and to pay any reasonable fee required;
- q) to provide indemnity insurance to Governors in accordance with, and subject to the conditions of section 232 to 235 of the Companies Act 2006, section 189 of the Charities Act 2011 or any other provision of law applicable to charitable companies and any such indemnity is limited accordingly;
- r) to establish subsidiary companies to carry on any trade or business for the purpose of raising funds for the Academy Trust;
- s) to do all such other lawful things as are necessary for or are incidental to or conducive to the achievement of the Object.

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Trustees' Report
For the Year Ended 31 August 2018 (continued)

Objectives, Strategies and Activities

The main objectives during this financial year for the academy were to improve behaviour, results in reading and writing at greater depth. This was achieved at all notable exit points. From a financial perspective the aim was to maintain a healthy surplus and ensure good value for money.

Results from 2018 show that Reading at KS1 and KS2 is above the national result. This was achieved through the restructuring of Guided Reading in KS2, with specific reading skills targeted regularly, often at a whole class level, and the move away from a carousel of independent activities; in other words, greater emphasis has been given to the teaching of the full range of reading skills. To support this renewed focus on the teaching of reading, the school purchased skills practice books for each class, as well as an extensive range of guided and independent reading books. We also renewed our contract with the Wirral Schools Library service.

Writing at Greater Depth has also improved significantly at KS2, increasing from 9% (2017) to 20% (2018), which brings it in line with the national result. In KS1, Writing at Greater Depth is above the national result. This has been achieved through training, moderation practice within teams and between schools. GLD in Foundation Stage has continued to be above the national result.

Behaviour was also addressed in the last academic year, with the result that fewer children were issued orange or red zone letters. The success was achieved through the training of midday supervisors and through the closer communication between class teachers and midday supervisors.

The budget has been monitored and reviewed by the trust on a monthly basis to ensure actual expenditure is in line with budget.

Public Benefit

The Trustees are fully aware of the Academy Trust's purpose and have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Strategic Report

Achievements and Performance

The Academy continues to be heavily oversubscribed and has achieved a band 1 status using the Local Authority criteria. It was last graded as 'Good' by Ofsted in its inspection of July 2017. Outcomes for children are well-above national and local averages in Early Years, Year 1 Phonics, Year 2 SATs and Year 6 SATs. The Academy has this year been successful in securing a significant amount of funding from its Capital Improvement Fund (CIF) bid to expand to three form entry, subject to approval from the Department for Education (DFE).

Early Years Foundation Stage – Achieving a Good Level of Development

Townfield 2018	LA 2018	National 2018
74%	71%	71%

These results represent our best ever outcomes in the EYFS.

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Trustees' Report
For the Year Ended 31 August 2018 (continued)

Achievements and Performance continued

Year 1 Phonics Screening

Townfield 2018	LA 2018	National 2018
90%	81%	88%

Key Stage 1 Results

	At the Expected Level or Greater			Working at Greater Depth		
	TPS 2018	LA 2018	Nat 2018	TPS 2018	LA 2018	Nat 2018
Reading	80%	73%	76%	29%	22%	26%
Writing	73%	68%	70%	17%	13%	16%
Maths	81%	74%	76%	24%	19%	22%

Key Stage 2 Results

Subject	Townfield 2018	LA 2018	National 2018
Reading	77%	73%	75%
Mathematics	80%	71%	76%
Spelling, Punctuation and Grammar	83%	76%	78%
Writing (TA)	81%	75%	78%

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Trustees' Report
For the Year Ended 31 August 2018 (continued)

Key Performance Indicators

In its fourth year the Academy has secured a healthy surplus of £46k (excluding the FRS102 pension deficit of £154k) in comparison to the initial budget of £40k. The Governors understand the need to manage cash flow and keep reserves for unforeseen circumstances. The Academy continues to be one of the most oversubscribed schools in the Wirral with 75 first choice preferences last academic year. The Academy is in line with a Local Authority band 1 grade and has an attendance percentage of 95%. Externally reported examination results are well above national averages as shown in the above tables. The Academy's last Ofsted report in July 2017 rates the Academy as Good.

Going Concern

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

Financial Review

The board of Trustees is happy that the Academy's finances are healthy and the fourth year as an Academy has been a success. The in-year surplus of £163k has been made. Before actuarial gains of £271k and other in-year pension deficit movements of (£154k), the academy made an operating surplus of £46k. This is very close to the initial budget surplus of £40k. A budget for the following financial year has been set without the use of any of the Academy's generous surplus. The Trustees have kept up to date with its financial policies and procedures covering all financial activity of the Academy. The Academy's principal source of funding comes from the Education and Skills Funding Agency (ESFA) in the form of the General Annual Grant (GAG). Other Income from the ESFA such as Pupil Premium, Infant Free School Meals and the Education Services Grant (ESG) also help significantly to contribute to the overall income the Academy receives. Just over 76% of the Academy's expenditure is used on staffing resources to ensure the best possible staff are employed and retained to meet the Trustees objective to advance the education of the children enrolled at the Academy. Other expenditure is used to ensure the working environment for stakeholders is maintained and developed to get the best learning potential, where people feel happy and safe.

The Academy Trust's policy is to keep a level of reserves that accounts for in year cashflow variations and any potential unexpected expenditure, although the academy's insurance is likely to cover most of these incidents. Any reserve above the agreed level is to be spent in the best, agreed way to enhance the Academy Trust's objective for the children at the Academy in the year the additional reserves relate to. With regards to investment, at present it is the Academy Trust's policy that the Academy will not make any investments so any surplus is currently held as cash. This is to be regularly reviewed but will not change without the Academy Trust's agreement. The Academy inherited a Local Government Pension Scheme (LGPS) deficit on conversion. In year this deficit has reduced from £1.44 million to £1.33 million.

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Trustees' Report
For the Year Ended 31 August 2018 (continued)

Reserves Policy

It has been agreed that the Academy's policy is for target free reserves of £100,000 and will remain in the Academy's main bank account to cover in year cash flow variances, within this figure there is also reserves to cover unexpected costs such as redundancy and ill health retirement that the Academy was previously covered for by the Local Authority (LA). The reserve in place is unrestricted funds so can therefore be used under any circumstance. The reserves at the end of the financial year are £236k of which £101k is unrestricted and £135k restricted. A budget has been set and agreed by the Trustees for the 2018/19 financial year showing a surplus of £37k. Trustees are aware that the possible future expansion of the Academy Trust from two form to three form entry (subject to Department for Education (DFE) approval) could have a financial impact on the Academy Trust from 2019/20 and understand that a portion of the current surplus will be required in the short term to medium term to cope with lagged funding for additional pupil places.

Investment Policy

The Academy Trust of the Academy establishes and regularly reviews the Investment Policy. As explained above, the Academy Trust does not currently invest any of its reserve funds, so current surplus funds are held as cash.

Principal Risks and Uncertainties

The board of Trustees can confirm that risks to the Academy have been identified in the form of a risk register and where necessary steps have been taken to reduce the risks identified. Risks will be reviewed at least annually but will be referred to if any significant internal or external factors change. From the initial review the main areas of risk established are summarised in the following headings;

- Strategic and reputational risks – This section includes looking at the risk of;
 - Not recruiting sufficient learners
 - Failure of meeting objectives
 - Knowledge about local competitors
 - Having inadequate insurance cover
 - Failure to recruit Governors with the correct profile
- Operational risks - This section includes looking at the risk of;
 - Failure to produce quality management information.
 - Failures to ensure staff possess the correct skills and experience.
 - Goods and services not being purchased in line with financial regulations.
 - Failure to implement a risk management strategy.
- Compliance risks – This section includes looking at the risk of;
 - Failure to comply with employee legislation.
 - Failure to comply with environmental legislation.
 - Not having policies and procedures to ensure data protection legislation is followed.
 - Failure to ensure compliance to Tax and Charity legislation.
- Financial risks - This section includes looking at the risk of;
 - Not maintaining financial control of the budget.
 - Failure to ensure financial systems are suitable.
 - Having an inadequate disaster recovery plan.
 - Failure to collect income due.
 - Failure to ensure expenditure is not controlled.
 - The Academy's pension schemes and assessment of scheme deficits.

Of the risks currently established the Trustees are happy to confirm that none of the risks identified currently pose a significant risk to the Academy as all have adequate control measures in place. The Academy also has a clear Risk Management Plan outlining roles and responsibilities for managing risks.

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Trustees' Report
For the Year Ended 31 August 2018 (continued)

Plans for Future Periods

Trustees regularly discuss the short, medium and long term vision for the Academy. In the short term, the vision is to maintain and build on the recent 'Good' Ofsted rating, continuing to do what the Academy does well. In the short to medium term the Academy hopes that it will secure approval from the DFE to expand to three form entry. If approved, the Academy will become a three form entry school from September 2019. A new build will house the oversubscribed Early Years pupils, giving space for extra places. Consistency in results in the medium to long term will be the key to the longer term aim of becoming an Ofsted 'Outstanding' school.

Funds Held as Custodian Trustee on Behalf of Others

No funds are held as custodian on behalf of others.

Auditor

Insofar 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.

Trustees' report incorporating a strategic report was approved by order of the board of Trustees, as the company directors, on 17th December 2018 and signed on the board's behalf by:



Edward Behan
Trustee

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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Townfield Primary School 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 Head Teacher, 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 Townfield Primary School 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 formally met once a month throughout the academic year. Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr E Behan	10	11
Mrs K Lee (Resigned 31 December 2017)	1	4
Miss J Taylor	10	11
Mr P Natton	9	11
Mr T McDonough	5	11
Mrs L Carroll	6	11
Mrs K Griffiths	6	11
Mr J Moorhead	8	11
Mr N Court	9	11
Mrs A Shillinglaw	8	11
Mrs C Prosser	7	11
Mr D Stichter (Head Teacher and accounting officer)	10	10

During this year Mrs K Lee retired from her position as Executive Head Teacher and also resigned as a Trustee. Mr M Freeman and Mrs K Schofield have both been appointed as Members only this is in order to bring a level of independence to the Member level of governance as recommended by the DFE.

At the monthly meetings the Trustees discuss all matters in relation to the Academy including finances, premises/resources, staffing and curriculum. Finance reports are up-to-date and look at Actual income and expenditure against budget giving detailed explanation of any variances. A Head Teacher report is produced for each meeting covering any staffing changes, training received, staff absence, safeguarding, a review of curriculum targets and any other matters relevant at the time of producing the report.

As a board of Trustees an ongoing challenge is a review of premises space, considering the increasing capacity of the school. Trustees have been working with key management staff to try and secure significant change approval for the schools expansion to three form entry.

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Governance Statement (continued)

Governance reviews:

The board of Trustees have appointed an independent competent person to carry out internal inspections of finances on a termly basis providing reports to the Trustees. No issues have arisen during this accounting period.

The Trustees have remained relatively stable over the last couple of academic years and are comfortable with the range of competency skills and experience within its membership. No review has been undertaken this year however it is scheduled for 2018/19 academic year by means of a self-evaluation.

Review of Value for Money

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

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

- Increasing numbers in pre-school to generate additional income.
- Sharing staff training sessions and therefore costs involved with other local schools.
- Providing premises consultancy support for another local primary school.
- Replacing existing photocopiers with newer more efficient and cheaper models.
- Deciding not to replace the Executive Head Teacher who retired in December 2017.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Townfield Primary School for the year 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 Academy 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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 01 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.

Townfield Primary School
(A Company Limited by Guarantee)

Governance Statement (continued)

The Risk and Control Framework

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

The board of Trustees has considered the need for a specific internal audit function and has decided:

- to appoint Mrs Poland, who is AAT qualified, as internal auditor to complete the work of the responsible officer on behalf of the Trustees who collectively have been give the role of the Responsible Officers. Due to sickness of the internal auditor, BDO have provided a one off engagement for the Summer term and a decision to make this a permanent arrangement will be made by Trustees in the Autumn term.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the auditor reports to the board of Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities. The checks this financial year have included a review of:

- Access to financial systems.
- Bank reconciliations.
- A sample of invoices (including orders)
- Payroll transactions
- Financial information discussed at Trustee meetings

Review of Effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 17th December 2018 and signed on their behalf, by:



Edward Behan
Trustee



Alison Durham
Accounting Officer

Townfield Primary School
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Townfield Primary School I have considered my responsibility to notify the academy 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 academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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



Alison Durham
Accounting Officer

Townfield Primary School
(A Company Limited by Guarantee)

Statement of Trustees' Responsibilities
For the Year Ended 31 August 2018

The Trustees (who are also the directors of the charitable company 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 of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments 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;
- 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 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 *17th December 2018* and signed on its behalf by:



Edward Behan
Chair of Trustees

Townfield Primary School
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Townfield Primary School

Opinion

We have audited the financial statements of Townfield Primary School ("the Academy") for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, The Statement of Cash Flows and 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) and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency (ESFA).

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy'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 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 Academy 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 Academy'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.

Townfield Primary School
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Townfield Primary School

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' 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 Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report or the 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.

Townfield Primary School
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Townfield Primary School

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 Academy'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 Academy or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Hamid Ghafoor (Senior Statutory Auditor)

for and on behalf of:

BDO LLP, statutory auditor
5 Temple Square
Temple Street
Liverpool
L2 5RH

Date: *19/02/2018*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Townfield Primary School
(A Company Limited by Guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Townfield Primary School and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 31 October 2018 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 Townfield Primary School 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 Townfield Primary School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Townfield Primary School 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 Townfield Primary School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Townfield Primary School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Townfield Primary School's funding agreement with the Secretary of State for Education dated 31 October 2018 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 Academy's income and expenditure.

The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

Townfield Primary School
(A Company Limited by Guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Townfield Primary School and the Education and Skills Funding Agency (continued)

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.

BDO LLP

BDO LLP

5 Temple Square
Temple Street
Liverpool
L2 5RH

Date: *19/12/2018*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Townfield Primary School
(A Company Limited by Guarantee)

Statement of Financial Activities incorporating Income and Expenditure Account
For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Income from:						
Donations and capital grants	2	-	-	44	44	173
Charitable activities	3	16	2,501	-	2,517	2,371
Other trading activities	4	19	-	-	19	80
Total income		35	2,501	44	2,580	2,624
Expenditure on:						
Raising funds		21	369	-	390	406
Charitable activities		-	2,241	57	2,298	2,280
Total expenditure	5	21	2,610	57	2,688	2,686
Net gain/(loss) before other recognised gains and losses		14	(109)	(13)	(108)	(62)
Actuarial gains on defined benefit pension schemes	20	-	271	-	271	267
Net movement in funds		14	162	(13)	163	205
Reconciliation of funds:						
Total funds brought forward		87	(1,352)	4,443	3,178	2,972
Total funds carried forward		101	(1,190)	4,430	3,341	3,177

All of the academy's activities derive from continuing operations during the above two financial periods.

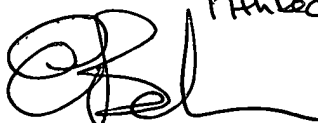
The notes on pages 26 to 47 form part of these financial statements.

Townfield Primary School
(A Company Limited by Guarantee)
Company number: 09119526

Balance Sheet
As at 31 August 2018

	Note	£000	2018 £000	2017 £000
Fixed assets				
Tangible assets	12		4,405	4,355
Current assets				
Debtors	13	38		49
Cash at bank and in hand		361		394
		<u>399</u>		<u>443</u>
Creditors: amounts falling due within one year	14	(138)		(178)
Net current assets			<u>261</u>	<u>265</u>
Total assets less current liabilities			<u>4,666</u>	<u>4,620</u>
Defined benefit pension scheme liability	20		(1,325)	(1,443)
Net assets including pension scheme liabilities			<u>3,341</u>	<u>3,177</u>
Funds of the academy				
Restricted income funds:				
Restricted income funds	15	135		90
Restricted fixed asset funds	15	4,430		4,443
Pension reserve	15	(1,325)		(1,443)
Total restricted income funds			<u>3,240</u>	<u>3,090</u>
Unrestricted income funds	15		101	87
Total funds			<u>3,341</u>	<u>3,177</u>

The financial statements on pages 23 to 47 were approved by the Trustees, and authorised for issue, on 17th December 2018 and are signed on their behalf, by:



Edward Behan
Chair of Trustees

The notes on pages 26 to 47 form part of these financial statements.

Townfield Primary School
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	17	29	(3)
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of tangible fixed assets	12	(106)	70
Capital grants from DfE	2	44	173
		<hr/>	<hr/>
Net cash (used in)/provided by investing activities		(62)	103
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(33)	100
Cash and cash equivalents brought forward		394	294
		<hr/>	<hr/>
Cash and cash equivalents carried forward	18	361	394
		<hr/>	<hr/>

The notes on pages 26 to 47 form part of these financial statements.

Townfield Primary School
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Townfield Primary School
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year 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 grant 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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

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

Townfield Primary School
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

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 allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

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

Long-term leasehold buildings	-	Over the life of the building
Furniture and fixtures	-	10 Years
Motor vehicles	-	5 years
Computer Equipment	-	3 years

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

Townfield Primary School
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.6 Debtors

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

1.7 Cash at bank and in hand

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

1.8 Liabilities and provisions

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

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 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.

Townfield Primary School
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.12 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 Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Townfield Primary School
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.13 Critical accounting estimates and areas of judgement

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2018. 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:

The most important factor in determining the amount of GAG the school received each year is the number of pupils on roll. Regular reports are provided to Members of the Finance Committee estimating the size of the School Budget. These are updated as and when changes take place with regards to intakers.

A significant factor in determining the amounts reflected in the financial statements would be any decision to become a Multi Academy Trust. This decision has not been taken by the school although the situation is constantly monitored by the Governing Body of the school.

2. Income from donations and capital grants

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Capital Grants	-	-	44	44	173
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total 2017	-	-	173	173	
	<hr/>	<hr/>	<hr/>	<hr/>	

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,817	1,817	1,681
Other DfE/ESFA grants	-	113	113	118
	-	1,930	1,930	1,799
Other government grants				
Local authority grants	-	257	257	246
Other government grants	-	122	122	95
	-	379	379	341
Other funding				
Other income	16	-	16	149
School fund	-	192	192	82
	16	192	208	231
Total 2018	16	2,501	2,517	2,371
<i>Total 2017</i>	<i>149</i>	<i>2,222</i>	<i>2,371</i>	

4. Trading activities

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Charity trading income				
Staff consultancy	5	-	5	64
Catering income	14	-	14	16
	19	-	19	80
Net income from trading activities	19	-	19	80
<i>Total 2017</i>	<i>80</i>	<i>-</i>	<i>80</i>	

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

5. Expenditure

	Staff costs	Premises	Other costs	Total	Total
	2018	2018	2018	2018	2017
	£000	£000	£000	£000	£000
Expenditure on raising funds:					
Direct costs	322	4	64	390	406
Support costs	-	-	-	-	-
Academies educational operations:					
Direct costs	930	-	109	1,039	1,026
Support costs	787	196	276	1,259	1,254
Total 2018	2,039	200	449	2,688	2,686
Total 2017	2,018	213	455	2,686	

The Academy's education operations expenditure above totalling £2,688,000 (2017: 2,686,000) included £2,610,000 (2017: £2,357,000) used from restricted funds, £21,000 (2017: £70,000) used from unrestricted funds and £57,000 (2017: £79,000) used from restricted fixed asset funds.

6. Analysis of expenditure by activities

	Direct costs	Support costs	Total	Total
	2018	2018	2018	2017
	£000	£000	£000	£000
Charitable activities	1,039	1,259	2,291	2,280
Total 2017	1,026	1,254	2,280	

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

6. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities	Total	Total
	£000	2018	2017
		£000	£000
Staff costs	787	787	760
Depreciation	57	57	79
Technology costs	22	22	23
Premises costs	139	139	132
Other costs	226	226	235
Governance costs	28	28	25
	<u>1,259</u>	<u>1,259</u>	<u>1,254</u>
<i>Total 2017</i>	<u>1,254</u>	<u>1,254</u>	

7. Net income/(expenditure)

This is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets: - owned by the charity	57	79
Operating leases	<u>2</u>	<u>3</u>

8. Auditors' remuneration

	2018	2017
	£000	£000
Fees payable to the academy's auditor for the audit of the academy's annual accounts	11	11
Fees payable to the academy's auditor and its associates in respect of:		
Accountancy services	<u>7</u>	<u>7</u>

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

9. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	1,534	1,516
Social security costs	102	117
Operating costs of defined benefit pension schemes	326	328
	<hr/>	<hr/>
	1,962	1,961
Supply teaching costs	77	57
	<hr/>	<hr/>
	2,039	2,018
	<hr/>	<hr/>

b. Non-statutory/non-contractual staff severance payments

Staff severance payments

There were no staff severance payments made during the current, or prior, period.

c. Staff numbers

The full time equivalent average number of persons employed by the academy during the year was as follows:

	2018 No.	2017 No.
Teachers	16	13
Administration and support	45	45
Management	4	6
	<hr/>	<hr/>
	65	64
	<hr/>	<hr/>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	2

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2018 employer's pension contributions for this staff member amounted to £10,682 (2017: 2 employees £21,632).

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

9. Staff costs (continued)

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contribution and employer national insurance contribution) received by key management personnel for their services to the academy trust was £372,096 (2017: £361,313).

Disclosure of prior year key management personnel employee benefits has been restated to include employer's national insurance contribution.

10. Related party transactions - trustees remuneration and expenses

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

		2018	2017
		£000	£000
D Stitcher (Head Teacher and trustee)	Remuneration	60-65	60-65
	Pension contributions paid	10-15	10-15
K Lee (staff governor)	Remuneration	15-20	65-70
	Pension contributions paid	0-5	10-15
L Carroll (staff governor)	Remuneration	20-25	15-20
	Pension contributions paid	0-5	0-5
K Griffiths (staff governor):	Remuneration	10-15	10-15
	Pension contributions paid	0-5	0-5

During the year ended 31 August 2018, 1 Trustee received reimbursement of expenses amounting to £33 (2017 - £60 to 1 Trustee).

11. Trustees' and Officers' Insurance

The academy trust has opted into the Department for 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 trust business, and provides cover up to £10,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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Notes to the Financial Statements
For the Year Ended 31 August 2018

12. Tangible fixed assets

	Leasehold land and buildings £000	Furniture and fixtures £000	Motor vehicles £000	Computer equipment £000	Assets under construction £000	Total £000
Cost						
At 1 September 2017	4,230	137	2	143	54	4,566
Additions	105	-	-	1	-	106
Transfer between classes	54	-	-	-	(54)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	4,389	138	2	144	-	4,673
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 1 September 2017	55	35	2	119	-	211
Charge for the year	21	14	-	22	-	57
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	76	50	2	141	-	268
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 August 2018	4,313	88	-	3	-	4,405
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	4,175	102	-	24	54	4,355
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

13. Debtors

	2018 £000	2017 £000
Trade debtors	-	2
Other debtors	6	7
Prepayments and accrued income	32	40
	<u>38</u>	<u>49</u>

14. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	13	38
Other taxation and social security	52	56
Accruals and deferred income	73	84
	<u>138</u>	<u>178</u>

	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September	29	33
Resources deferred during the year	33	29
Amounts released from previous years	(29)	(33)
	<u>33</u>	<u>29</u>

At the balance sheet date the academy were holding funds of £33,000 received in advance which was made up of £5,000 for school funds and £28,000 of grant income.

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

15. Statement of funds

	As restated Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains £000	Balance at 31 August 2018 £000
Unrestricted funds					
Unrestricted funds	87	35	(21)	-	101
Restricted funds					
General Annual Grant (GAG)	90	1,817	(1,805)	-	103
Other DfE/ESFA grants	-	113	(113)	-	-
Other restricted income	-	571	(539)	-	32
Pension reserve	(1,443)	-	(153)	271	(1,325)
	<u>(1,353)</u>	<u>2,501</u>	<u>(2,610)</u>	<u>271</u>	<u>(1,190)</u>
Restricted fixed asset funds					
On transfer from conversion	3,934	-	(53)	-	3,881
DfE/ESFA capital grants	407	44	(3)	-	448
Capital expenditure from GAG	102	-	(1)	-	101
	<u>4,443</u>	<u>44</u>	<u>(57)</u>	<u>-</u>	<u>4,430</u>
Total restricted funds	<u>3,090</u>	<u>2,545</u>	<u>(2,660)</u>	<u>271</u>	<u>3,240</u>
Total of funds	<u>3,177</u>	<u>2,580</u>	<u>(2,681)</u>	<u>271</u>	<u>3,341</u>

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

Unrestricted funds

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

Restricted general funds

Restricted general funds comprise of all other restricted funds received and include grants from the Education and Skills Funding Agency and all other funders.

Restricted fixed asset funds

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

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

15. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Gains £000</i>	<i>Balance at 31 August 2017 £000</i>
Unrestricted funds					
Unrestricted funds	(72)	229	(70)	-	87
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds					
General Annual Grant (GAG)	240	1,681	(1,831)	-	90
Other DfE/ESFA grants	-	118	(118)	-	-
Other restricted income	-	423	(423)	-	-
Pension reserve	(1,545)	-	(165)	267	(1,443)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(1,305)	2,222	(2,537)	267	(1,353)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted fixed asset funds					
On transfer from conversion	4,008	-	(74)	-	3,934
DfE/ESFA capital grants	238	173	(4)	-	407
Capital expenditure from GAG	103	-	(1)	-	102
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,349	173	(79)	-	4,443
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	3,044	2,395	(2,616)	267	3,090
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total of funds	2,972	2,624	(2,686)	267	3,177
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

16. Analysis of net assets between funds

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	65	4,340	4,405
Current assets	-	309	90	399
Creditors due within one year	101	(239)	-	(138)
Provisions for liabilities and charges	-	(1,325)	-	(1,325)
	<u>101</u>	<u>(1,190)</u>	<u>4,430</u>	<u>3,341</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	15	4,340	4,355
Current assets	-	340	103	443
Creditors due within one year	87	(265)	-	(178)
Provisions for liabilities and charges	-	(1,443)	-	(1,443)
	<u>87</u>	<u>(1,353)</u>	<u>4,443</u>	<u>3,177</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2018

17. Reconciliation of net movement in funds to net cash flow from operating activities

	2018	2017
	£000	£000
Net expenditure for the year (as per Statement of Financial Activities)	(108)	(62)
Adjustment for:		
Depreciation charges	57	79
Decrease in debtors	11	5
Decrease in creditors	(40)	(17)
Capital grants from DfE and other capital income	(44)	(173)
Defined benefit pension scheme cost less contributions payable	114	127
Defined benefit pension scheme finance cost	39	38
	<hr/>	<hr/>
Net cash provided/(used) by operating activities	29	(3)
	<hr/>	<hr/>

18. Analysis of cash and cash equivalents

	2018	2017
	£000	£000
Cash at bank and in hand	361	394
	<hr/>	<hr/>

19. Capital commitments

At 31 August 2018 there were capital commitments of £Nil (2017: £136,429) that had been contracted for but not provided for in the financial statements.

20. Pension

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

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

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

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Notes to the Financial Statements
For the Year Ended 31 August 2018

20. Pension (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 TPS in the period amounted to £114,594 (2017 - £112,522).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Townfield Primary School
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Notes to the Financial Statements
For the Year Ended 31 August 2018

20. Pension (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £142,664 (2017 - £137,098), of which employer's contributions totalled £98,354 (2017 - £93,709) and employees' contributions totalled £44,310 (2017 - £43,389). The agreed contribution rates for future years are 13% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions

	2018	2017
Discount rate for scheme liabilities	2.90%	2.50%
Rate of increase in salaries	3.70%	3.70%
Rate of increase for pensions in payment / inflation	2.30%	2.20%
Inflation assumption (CPI)	2.20%	2.20%
Commutation of pensions to lump sums	50.00%	50.00%

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

	2018	2017
<i>Retiring today</i>		
Males	22.0 years	21.6 years
Females	24.8 years	24.7 years
<i>Retiring in 20 years</i>		
Males	25.0 years	24.2 years
Females	27.8 years	27.7 years

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis		
+ 0.1% p.a. discount rate	2,018	1,933
+ 0.1% p.a. inflation	2,153	2,063
+ 0.1% p.a. pay growth	2,104	2,018
1 year increase in life expectancy	2,121	2,032

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Notes to the Financial Statements
For the Year Ended 31 August 2018

20. Pension (continued)

The academy's share of the assets in the scheme were:

	Fair value at 31 August 2018 £000	<i>Fair value at 31 August 2017 £000</i>
Equities	394	290
Government bonds	26	19
Other bonds	90	67
Property	69	44
Cash and other liquid assets	24	27
Other	157	107
	<hr/>	<hr/>
Total market value of assets	760	554
	<hr/>	<hr/>

The actual return on scheme assets was £37,000 (2017 - £43,000).

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

	2018 £000	<i>2017 £000</i>
Past service cost	(1)	-
Current service cost	(244)	(252)
Admin expenses	(4)	(4)
Net interest cost	(35)	(34)
	<hr/>	<hr/>
Total	(284)	(290)
	<hr/>	<hr/>

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

	2018 £000	<i>2017 £000</i>
Opening defined benefit obligation	1,997	1,883
Current service cost	244	252
Interest cost	51	43
Employee contributions	43	43
Actuarial gains	(250)	(224)
	<hr/>	<hr/>
Closing defined benefit obligation	2,085	1,997
	<hr/>	<hr/>

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Notes to the Financial Statements
For the Year Ended 31 August 2018

20. Pension (continued)

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

	2018	2017
	£000	£000
Opening fair value of scheme assets	554	338
Interest income	16	9
Actuarial losses	21	43
Employer contributions	130	125
Employee contributions	43	43
Administration expenses	(4)	(4)
	<hr/>	<hr/>
Closing fair value of scheme assets	760	554
	<hr/>	<hr/>
	2018	2017
	£000	£000
Total market value of assets	760	554
Present value of scheme liabilities - Funded	(2,085)	(1,997)
	<hr/>	<hr/>
Net pension obligation	(1,325)	(1,443)
	<hr/>	<hr/>

Contingent liability

On 26 October 2018, the High Court handed down its judgment in the case involving the Lloyds Banking Group's defined benefit pension schemes and the rights of members to equality of treatment in relation to pension benefits. The Court's ruling has made it clear that schemes should be amended to equalise benefits for men and women in respect of guaranteed minimum pension benefits. The extent to which the judgement crystallises additional liabilities of the Merseyside Pension Fund Local Government Pension Scheme is under consideration and any adjustment that may result is expected to be recognised in the 2018/19 financial year. At present, we are unable to quantify the financial effect of this

21. Operating lease commitments

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

	2018	2017
	£000	£000
Amounts payable:		
Within 1 year	6	3
Within 2 to 5 years	20	-
	<hr/>	<hr/>
	26	3
	<hr/>	<hr/>

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Notes to the Financial Statements
For the Year Ended 31 August 2018

22. 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.

23. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Mrs C Prosser, a trustee appointed during the year, is an employee of Townfield Primary School's solicitors Hill Dickinson. During the year, Townfield Primary School were invoiced fees amounting to £14,560 of which £nil was outstanding as at 31 August 2018.

In the prior year, Townfield Primary School provided the services of their Deputy Head Teacher to Woodslee Primary School in the capacity as Acting Head Teacher. Townfield Primary School invoiced Woodslee Primary School fees amounting to £Nil (2017 - £40,798) of which £Nil (2017 - £Nil) was outstanding as at 31 August 2018.