

Company Registration Number: 07658688 (England and Wales)

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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



REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

T N Alley
G Campbell
G C Warren

Governors

T N Alley, Chair¹
C L Saunders, Vice Chair¹
P A Ayto, Principal¹
C Bond, Staff Governor (resigned 9 November 2018)
T Charlton, Staff Governor
K F Dare¹
Cllr S J Harker¹
J E Knowlson, Staff Governor¹
A P Marsh
M A Sanderson (resigned 17 October 2018)¹
L M Swanston
M Wright (resigned 27 September 2018)¹

¹ Member of the Finance, Personnel and Audit Committee

Company registered number

07658688

Company name

Reid Street Primary School

Principal and registered office

Reid Street
Darlington
County Durham
DL3 6EX

Company secretary

A Robinson

Senior leadership team

P A Ayto, Principal
A Robinson, Director of Business
J E Knowlson, Senior Vice Principal
J Davison, Vice Principal
L Robson, Vice Principal

**REID STREET PRIMARY SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

Lloyds Bank plc
Darlington
County Durham
DL1 1TL

Solicitors

Wrigleys Solicitors LLP
19 Cockridge Street
Leeds
LS2 3AG

REID STREET PRIMARY SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The academy trust operates an academy for pupils aged 4 to 11 serving a catchment area in Darlington. It has a pupil capacity of 420 and had a roll of 402 in the school census on 4 October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a charitable 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 Governors of Reid Street Primary School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Reid Street Primary School.

Details of the Governors who served during the 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.

Governors' indemnities

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. From 1st July 2015 this was taken through the RPA, Risk Protection Assurance, and engineering and business cover insurance was taken through Zurich Insurance. These policies have been renewed and new documents issued from 1st September 2018.

Method of recruitment and appointment or election of Governors

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal or any post held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two Governors a year, induction tends to be done informally and is tailored specifically to the individual.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

During the year the academy continued to operate a unified management structure. The structure consists of 4 levels: the Members, the Governors, the Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Executive Group consists of the Principal, Senior Vice-Principal and Director of Business who control the academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Executive Group together with the members of the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts below the Senior Leadership Team, through appointment boards which sometimes contain a Governor. Some spending control is devolved to members of the Senior Leadership Team, with limits above which a member of the Executive must countersign.

The Senior Leadership Team includes the Executive Group and the two other Vice-Principal members of the Senior Leadership Team. The middle management of the academy is centered around the two Vice-Principal Key Stage Managers and the Teaching and Learning Responsibility holders. These managers/curriculum leaders are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The finance, personnel, pay and audit committee approve any recommendations from the Principal for pay and remuneration awards for the academy. Governors can seek advice from Avec Partnership when required.

Related Parties and other Connected Charities and Organisations

The academy trust is not part of a wider network such as a soft federation.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principle objective and activity of the charitable company is the operation of Reid Street Primary School to provide education for students of different abilities between the ages of 4 and 11, with an emphasis on promoting pupils' positive attitudes to learning.

In accordance with the Funding Agreement, the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The 'Scheme of Government' specifies, amongst other things, the basis for admitting pupils to the academy, the catchment area from which pupils are drawn, and that the curriculum shall be broad and balanced and shall include English, Mathematics and Science. The academy shall make provision for the teaching of religious education and for a daily act of collective worship at the academy.

Our central aim is to ensure that the children in our care achieve to their full potential, as individuals, within the caring ethos of our school.

The staff and Governors aim to ensure that Reid Street has a high profile within the community and to ensure that the school provides:

- A high quality of education, consistent with statutory requirements as set out in individual policy documents and schemes of work for each subject area.
- A caring, secure and welcoming ethos.
- Attractive and comfortable surroundings conducive to achieving these aims.

REID STREET PRIMARY SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives and aims

The main objectives of the academy during the year ended 31 August 2018 are summarised below:

1. To ensure that literacy has a high profile across the school, with a particular focus on reading skills.
2. To continue to embed developments within PSHE across the school, including via the newly introduced Global Goals focus.
3. To evidence SMSC effectively across the school.
4. To review staffing recruitment and retention systems and processes, including through use of national audit tools.
5. To continue to develop the knowledge and skills of senior and middle leaders, allowing for effective succession planning where necessary.

Objectives, strategies and activities

The academy's main objectives are encompassed in its mission statement which is that at Reid Street we create a culture that enables pupils and staff to excel. Our broad and balanced creative curriculum inspires pupils to learn, promotes a sense of enjoyment and fascination about the world and prepares pupils for lives as active members of British society. We value our long standing high profile within the community. Pupils' spiritual, moral, social and cultural development and, within this, the promotion of fundamental British values, are at the heart of the school's work. Through our commitment to excellence we ensure that each individual pupil fulfils their potential, takes pride in their achievements and is prepared for the next phase of their education as confident, self-assured learners. Equality of opportunity is our central aim: we respond to individual needs, challenging and supporting pupils within the caring ethos of the school.

To this end the objectives and the strategies used to achieve them include:

Objective 1

The continued focus in school on development of literacy skills. This includes the ongoing work around speech and language which has been further developed via the placement of the specialist TA for this area being based in Foundation Stage for the first crucial weeks of term. The reading scheme has been audited to ensure sufficient challenge in all year groups and Book Clubs have been introduced. The literacy lead has undertaken research around progression in writing, teaching vocabulary and effective feedback – this will provide the basis for staff training going forward. The Read Write Inc programme is embedded across KS1 and internal tracking illustrates the positive impact of this. The percentage of pupils reaching the expected standard at the end of KS1 rose by 4.8% with a rise of 3% for KS2 (which would have been higher had a pupil not been absent in the tests).

Objectives 2 and 3

Work continued throughout the year around embedding a high quality PSHE curriculum. This involved external training for key members of staff; support from an LA expert; training delivered to all teachers within school; use of the criteria of the PSHE Quality Mark to audit and review practice; introduction of Global Goals across the school and review of the SRE curriculum in light of updated national guidance. The school will achieve the PSHE Quality Mark in 2019 following this extensive work. Evidencing SMSC opportunities across the school has been a challenge: the strategy has been to further develop the front cover of medium term plans; to introduce scrap books into each class and to source an SMSC tracker – Gridmaker.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives 4 and 5

Following updates to national guidance through 'Keeping Children Safe in Education' and associated legislation, recruitment and retention systems and processes in school have needed further development. Training has been sought via the NSPCC and all staff and Governors have undertaken a session focused on changes and updates. Benchmarking tools and audits have been used to identify key areas of development for 2018-19.

Opportunities have been sought and sourced for middle and senior leaders to contribute further to whole school and beyond school initiatives – to the benefit of Reid Street and a range of schools in the locality. A programme of presentations to Governors by senior leaders has begun and will continue into the next academic year. The school has joined several others in and beyond Darlington to begin the journey of self and peer review via the Schools Partnership Programme.

Public Benefit

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy should undertake.

STRATEGIC REPORT

Key performance indicators

Following intensive research, the progressive Read Write Inc phonics programme was introduced to Foundation Stage, Year 1 and Year 2 last year. Internal progress (tracked in each year group, by the KS1 manager and by the literacy subject lead) illustrates the positive impact of this new programme with the consistent, rigorous approach ensuring that pupils are more rapidly acquiring phonic skills. All staff across Reception and KS1 have reported that children are more focused and ready to learn following the introduction of the programme. Lower ability pupils are making more progress than in previous years - only four children from Reception did not know all of their single letter sounds (two of whom joined the school in the second half of the Summer term) in 2017 and this was reduced further in 2018 to only two. This is far fewer than in previous years and children are blending earlier, with again only two struggling to master this by 2018. Accelerated progress is also evident around the reading scheme: far more pupils are leaving FS reading Yellow books rather than the lower level Red (25% on Yellow in July 2017 and 40% in July 2018). There are far more pupils reading higher level books beyond Yellow (17% in 2017 and 28% in 2018) and far fewer below Yellow (50% in 2017 and 30% in 2018). Similar progress is evident in Y1. Whilst the RWI programme is carefully structured, it does not necessarily take account of other drivers such as: the Y1 phonics checklist; the need to teach non-phonetic 'tricky words'; the organisation of the school reading scheme; the importance of covering a wide range of genres in reading; the frameworks for reading and writing at the end of Y2 and implications for Y1; gaps within the planning for areas of grammar and the need to ensure that pupils have opportunities for extended writing. On-going reviews and evaluations have allowed for adaptations which will, this year, take account of these pressures.

KS1: Data from previous years shows that, from the low starting points on entry to Foundation Stage, pupils make strong progress across Key Stage 1 to attain broadly in line with local and national percentages.

In 2018, the percentage of pupils achieving the expected standard for reading and writing is above the national. Maths is just below the national of 76.1%; science only 0.3% below the national and RWM combined only 0.4% below the national figure.

The percentage of pupils achieving the Greater Depth Standard in all three subjects (four including science) is lower than the national figures however, all show improvement on the 2017 figures illustrating steady improvements.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT (continued)

Key performance indicators (continued)

KS2: In 2018, the percentage of pupils achieving the expected standard in Reid Street is above the national for reading, writing, maths and for all three subjects combined. It is below the national for GPS.

The percentage of high attainers at Reid Street is lower than the national for reading, writing and maths, but all show improvements on the 2017 scores. For GPS, the percentage of Reid Street pupils achieving the higher standard is above the national figure.

Unfortunately, one pupil was absent for all tests and another was absent for a maths paper (which affects all maths results). Internally taken tests illustrate that both pupils would have scored highly - at greater depth or just below. One other pupil had no KS1 data (and was EAL) and so despite excellent attainment scores (greater depth for reading and just below this for GPS and maths) does not contribute to the progress scores shown below.

The school is above the floor target on all measures and does not meet the definition of 'Coasting'.

The FFT aspire self-evaluation summary dashboard identifies many higher performing groups including pupils with EAL, summer born pupils and boys - all groups of national, regional and school focus.

Work undertaken last year around the confidence of girls in maths test situations paid dividends for many - this group is no longer identified as lower performing.

Going concern

After making appropriate enquiries, the Board of Governors 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

FINANCIAL REVIEW

Most of the academy's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities SORP (FRS 102), such grants are shown under the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £2,069,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £42,000. The in year surplus was £14,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2018 the net book value of fixed assets was £1,956,000 and movements in tangible fixed assets are shown in Note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £659,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2018 of £1,629,000 comprising of £2,242,000 restricted funds, (£659,000) restricted pension fund and £46,000 of unrestricted funds.

Reserves policy

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs

The level of reserves is reviewed by Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it is prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £150,000.

This is considered sufficient to cover

- a) delays between the spending and receipt of grants; and
- b) unexpected emergencies such as urgent maintenance.

The academy's current level of free reserves are in surplus by £46,000; there is also a GAG carry forward available of £286,000 and therefore these are considered to be above the level of reserves required for the ongoing needs of the academy. The Governors continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) Future capital projects;
- b) Uncertainty over future pension contribution rates; and
- c) Uncertainty over the outcome of the national funding formula.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Investment policy

The academy invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Principal risks and uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of significant deficit on the academy balance sheet.

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

The academy has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

PLANS FOR FUTURE PERIODS

Key areas of focus for the 2018-19 academic year include:

- Meeting the national figure for the percentage of pupils achieving the Expected Standard in maths in KS1.
- Improving the average reading progress score for KS2.
- Increasing the percentage of pupils who achieve the Greater Depth standard in both KS1 and KS2.
- Achievement of the PSHE Quality Mark with the school meeting all criteria.
- Revision of the curriculum to ensure it is fit for purpose, broad and balanced and communicated effectively to stakeholders.
- Development of an effective progress tracking system for Foundation Stage.
- Embedding of the formative assessment system 'Balance' from Year 1 to Year 6.
- Embedding of support for pupils around sensory and attachment issues (via scholarship funding).

Disclosure of information to auditors

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the auditors are aware of that information.

The Governors' Report was approved by order of the Board of Governors, as the company directors, on 26 November 2018 and signed on its behalf by:



T N Alley
Chair

REID STREET PRIMARY SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that Reid Street 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 Governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Reid Street Primary School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
T N Alley, Chair from 8 November 2017	2	3
C L Saunders, Chair until 8 November 2017	3	3
P A Ayto, Principal	3	3
C Bond, Co-opted governor	3	3
T Charlton, Staff Governor	3	3
K F Dare	2	3
Cllr S J Harker	2	3
J E Knowlson, Staff Governor	3	3
A P Marsh	2	3
M P Sanderson	3	3
L M Swanston	3	3
M Wright	2	3

The Finance, Personnel and Audit Committee is a sub-committee of the main Board of Governors. Its purpose is to perform the duties of the Governing Body as delegated with authority to make decision regarding the strategic financial management of the academy.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Wright, Chair	4	4
T N Alley	4	4
P A Ayto, Principal	4	4
K Dare	4	4
Cllr S Harker	4	4
J E Knowlson	4	4
M Sanderson	3	4
C L Saunders	4	4

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal 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 Governors 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:

- Reviewing all spending and seeking efficiency savings where possible, including through the use of benchmarking tools and systems.
- Revision of the staffing structure, including reduction in teaching staff.
- Ensuring a focus on early years to provide the key foundations for learning that will benefit pupils throughout their time at Reid Street.
- Reviewing spending of Pupil Premium funding to ensure it is used to tackle identified barriers to learning.
- Reviewing spending of PE and Sports funding to ensure it supports the school's commitment to healthy lifestyles.
- Sourcing funded training opportunities – including winning a scholarship worth over £7,000.
- Seeking experiential learning opportunities for pupils with little, or no, costs attached.
- Identifying new potential sources of income, such as the recent Big PIE Challenge through which the school earned / won over £7,000.

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

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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 Governors;
- regular reviews by the Finance, Personnel and Audit 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/ bank reconciliations
- Testing of income
- Testing of the accounting systems and management information produced

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK (continued)

- Review of governor appointments/resignations and declarations of interest
- Review of gifts and hospitality & honorarium/ex-gratia payments
- Review of information technology strategy
- Review of fixed assets
- Review of VAT and Corporation tax position

On a termly basis, the external auditors report to the Board of Governors through the audit committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

No material control issues have arisen as a result of the work of the internal audits.

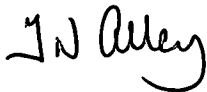
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

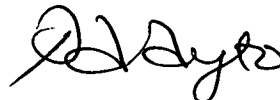
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Personnel and Audit 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 Governors on 26 November 2018 and signed on their behalf, by:



T N Alley
Chair



P A Ayto
Accounting Officer

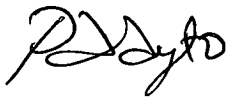
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Reid Street Primary School I have considered my responsibility to notify the academy Board of Governors 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, under the funding agreement in place between the academy 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 Board of Governors are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy 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 Governors and ESFA.



P A Ayto
Accounting Officer

Date: 26 November 2018

REID STREET PRIMARY SCHOOL
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors 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 Governors 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 Governors 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 Governors 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 Governors on 26 November 2018 and signed on its behalf by:



T N Alley
Chair

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REID STREET PRIMARY SCHOOL

OPINION

We have audited the financial statements of Reid Street 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 the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors 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.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REID STREET PRIMARY SCHOOL

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION 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 Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF GOVERNORS

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors 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 Governors 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 Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REID STREET PRIMARY SCHOOL

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT
26 November 2018

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO REID STREET PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 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 Reid Street Primary School during the year 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 Reid Street Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Reid Street Primary School and the 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 Reid Street Primary School and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF REID STREET PRIMARY SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Reid Street Primary School's funding agreement with the Secretary of State for Education dated 27 June 2011, 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 year 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 the 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 to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;

**REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO REID
STREET PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

APPROACH(continued)

- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

26 November 2018

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
	Note					
INCOME FROM:						
Donations and capital grants	2	23	-	9	32	26
Charitable activities	5	-	1,822	-	1,822	1,825
Other trading activities	3	40	-	-	40	41
Investments	4	2	-	-	2	1
TOTAL INCOME		65	1,822	9	1,896	1,893
EXPENDITURE ON:						
Charitable activities		54	1,875	140	2,069	2,139
TOTAL EXPENDITURE	7	54	1,875	140	2,069	2,139
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	11 (4)	(53) -	(131) 4	(173) -	(246) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		7	(53)	(127)	(173)	(246)
Actuarial gains on defined benefit pension schemes	20	-	142	-	142	311
NET MOVEMENT IN FUNDS		7	89	(127)	(31)	65
RECONCILIATION OF FUNDS:						
Total funds brought forward		39	(462)	2,083	1,660	1,595
TOTAL FUNDS CARRIED FORWARD		46	(373)	1,956	1,629	1,660

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07658688

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	2017 £000
FIXED ASSETS				
Tangible assets	12		1,956	2,083
CURRENT ASSETS				
Stocks	13	4		3
Debtors	14	58		54
Cash at bank and in hand		345		346
		<u>407</u>		<u>403</u>
CREDITORS: amounts falling due within one year	15	(75)		(85)
NET CURRENT ASSETS			332	318
TOTAL ASSETS LESS CURRENT LIABILITIES			2,288	2,401
Defined benefit pension scheme liability	20		(659)	(741)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>1,629</u>	<u>1,660</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	16	286		279
Restricted fixed asset funds	16	1,956		2,083
Restricted income funds excluding pension liability		2,242		2,362
Pension reserve		(659)		(741)
Total restricted income funds			1,583	1,621
Unrestricted income funds	16		46	39
TOTAL FUNDS			<u>1,629</u>	<u>1,660</u>

The financial statements on pages 21 to 44 were approved by the Governors, and authorised for issue, on 26 November 2018 and are signed on their behalf, by:



T N Alley
Chair

REID STREET 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/(used in) operating activities	18	1	(52)
Cash flows from investing activities:			
Dividends, interest and rents from investments		2	-
Purchase of tangible fixed assets		(13)	(57)
Capital grants from DfE Group		9	9
Net cash used in investing activities		(2)	(48)
Change in cash and cash equivalents in the year		(1)	(100)
Cash and cash equivalents brought forward		346	446
Cash and cash equivalents carried forward		345	346

REID STREET 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, 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.

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

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors 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's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Other income, including catering, 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.

REID STREET 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 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 Property	-	over 17 years
Fixtures and fittings	-	over 7 years
Computer equipment	-	over 3 years
Long Term Leasehold Land	-	over 125 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.

REID STREET 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 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.

1.7 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.

1.8 Pensions

Retirement benefits to employees of the academy 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 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.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.9 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

1.10 Critical accounting estimates and areas of judgment

Estimates and judgments 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 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 judgment:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £140,000.

Land and buildings – Land and buildings are held under a 125 year lease from Darlington Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.12 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.13 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.

1.14 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.

1.15 Financial instruments

The academy 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 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities-trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in Note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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
Donations	23	-	-	23	17
Capital Grants	-	-	9	9	9
	<u>23</u>	<u>-</u>	<u>9</u>	<u>32</u>	<u>26</u>
Total 2017	<u>17</u>	<u>-</u>	<u>9</u>	<u>26</u>	

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Sundry income	7	-	7	7
Lettings	-	-	-	1
Staff absence insurance	-	-	-	1
Catering	33	-	33	32
	<u>40</u>	<u>-</u>	<u>40</u>	<u>41</u>
Total 2017	<u>41</u>	<u>-</u>	<u>41</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Investment income	<u>2</u>	<u>-</u>	<u>2</u>	<u>1</u>
Total 2017	<u>1</u>	<u>-</u>	<u>1</u>	

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. 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)	-	1,507	1,507	1,545
Pupil Premium	-	183	183	177
Other DfE/ESFA Grants	-	82	82	66
	-	1,772	1,772	1,788
Other government grants				
Other Government Grants	-	47	47	36
	-	47	47	36
Other funding				
Other Grants	-	3	3	1
	-	3	3	1
	-	1,822	1,822	1,825
Total 2017	-	1,825	1,825	

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

6. CHARITABLE ACTIVITIES

	2018 £000	2017 £000
DIRECT COSTS		
Wages and salaries	1,082	1,106
National insurance	103	102
Pension cost	227	233
Educational supplies	58	73
Staff development	11	12
Educational consultancy	21	29
Insurance	6	9
Other direct costs	12	9
	<hr/> 1,520	<hr/> 1,573
SUPPORT COSTS		
Wages and salaries	92	90
National insurance	4	4
Pension costs	19	21
Depreciation	140	151
Net interest cost on pension scheme	18	19
Technology costs	33	34
Maintenance of premises and equipment	19	30
Cleaning	32	32
Rates	17	10
Energy	18	18
Insurance	9	9
Transport	3	4
Catering	93	91
Occupancy costs	2	1
Bank interest and charges	1	1
Other support costs	14	16
Governance costs	35	35
	<hr/> 549	<hr/> 566
	<hr/>	<hr/>
	<hr/> 2,069	<hr/> 2,139
	<hr/>	<hr/>

REID STREET PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy's educational operations:					
Direct costs	1,412	-	108	1,520	1,573
Support costs	115	213	221	549	566
	<u>1,527</u>	<u>213</u>	<u>329</u>	<u>2,069</u>	<u>2,139</u>
Total 2017	<u>1,556</u>	<u>221</u>	<u>362</u>	<u>2,139</u>	

In 2018 of the total expenditure, £54,000 (2017 - £62,000) was to unrestricted funds, £140,000 (2017 - £151,000) was to restricted fixed asset funds and £1,875,000 (2017 - £1,926,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	140	151
Auditors' remuneration - audit	6	5
Auditors' remuneration - other services	3	3
	<u>149</u>	<u>159</u>

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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	1,174	1,192
Social security costs	107	106
Operating costs of defined benefit pension schemes	246	254
	<u>1,527</u>	<u>1,552</u>
Staff restructuring costs	-	4
	<u>1,527</u>	<u>1,556</u>

Staff restructuring costs comprise:

Severance payments	-	4
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Included in operating costs of defined benefit pension schemes is a debit of £42,000 (2017: £54,000) relating to the pension deficit actuarial adjustment.

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	17	18
Administration and Support	30	36
Management	5	5
	<u>52</u>	<u>59</u>

c. 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	0	1
In the band £70,001 - £80,000	1	0

d. Key management personnel

The key management personnel of the academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £404,000 (2017: £388,000).

REID STREET PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. GOVERNORS' REMUNERATION AND EXPENSES

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Governors 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 Governors. The value of Governors' remuneration and other benefits was as follows:

		2018 £000	2017 £000
P A Ayto, Principal	Remuneration	70-75	65-70
	Pension contributions paid	10-15	10-15
J E Knowlson, Staff Governor	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10
T Charlton, Staff Governor	Remuneration	25-30	25-30
	Pension contributions paid	5-10	0-5
C Bond, Staff Governor	Remuneration	15-20	10-15
	Pension contributions paid	0-5	0-5

During the year, no Governors received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, travel and subsistence expenses totalling £17 (2017 - £65) were reimbursed to 1 Governor (2017 - 1 Governor)

11. GOVERNORS' AND OFFICERS' INSURANCE

The academy 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 Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £000	Furniture and fixtures £000	Plant and equipment £000	Total £000
Cost				
At 1 September 2017	2,538	203	90	2,831
Additions	-	11	2	13
At 31 August 2018	<u>2,538</u>	<u>214</u>	<u>92</u>	<u>2,844</u>
Depreciation				
At 1 September 2017	536	156	56	748
Charge for the year	97	18	25	140
At 31 August 2018	<u>633</u>	<u>174</u>	<u>81</u>	<u>888</u>
Net book value				
At 31 August 2018	<u>1,905</u>	<u>40</u>	<u>11</u>	<u>1,956</u>
At 31 August 2017	<u>2,002</u>	<u>47</u>	<u>34</u>	<u>2,083</u>

13. STOCKS

	2018 £000	2017 £000
Finished goods and goods for resale	<u>4</u>	<u>3</u>

14. DEBTORS

	2018 £000	2017 £000
VAT recoverable	10	10
Prepayments and accrued income	48	44
	<u>58</u>	<u>54</u>

15. CREDITORS: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	30	42
Other creditors	1	-
Accruals and deferred income	44	43
	<u>75</u>	<u>85</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. CREDITORS: Amounts falling due within one year (continued)

	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September 2017	33	52
Resources deferred during the year	33	33
Amounts released from previous years	(33)	(52)
	<u>33</u>	<u>33</u>
Deferred income at 31 August 2018	<u>33</u>	<u>33</u>

Deferred income comprises of Free School Meals income and rates relief received from the ESFA which straddle the year end.

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Unrestricted funds	31	42	(36)	-	-	37
School Fund	8	23	(18)	(4)	-	9
	<u>39</u>	<u>65</u>	<u>(54)</u>	<u>(4)</u>	<u>-</u>	<u>46</u>
Restricted funds						
General Annual Grant (GAG)	279	1,507	(1,500)	-	-	286
Pupil Premium	-	183	(183)	-	-	-
Other DfE/ESFA Grants	-	82	(82)	-	-	-
Other Government Grants	-	47	(47)	-	-	-
Other Grants	-	3	(3)	-	-	-
Pension reserve	(741)	-	(60)	-	142	(659)
	<u>(462)</u>	<u>1,822</u>	<u>(1,875)</u>	<u>-</u>	<u>142</u>	<u>(373)</u>

REID STREET PRIMARY SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Legacy assets	1,683	-	(82)	-	-	1,601
Devolved Formula Capital	46	9	(8)	-	-	47
Academies Capital Maintenance Fund	47	-	(4)	-	-	43
Capital expenditure from GAG	307	-	(45)	-	-	262
Donation	-	-	(1)	4	-	3
	<u>2,083</u>	<u>9</u>	<u>(140)</u>	<u>4</u>	<u>-</u>	<u>1,956</u>
Total restricted funds	<u>1,621</u>	<u>1,831</u>	<u>(2,015)</u>	<u>4</u>	<u>142</u>	<u>1,583</u>
Total of funds	<u>1,660</u>	<u>1,896</u>	<u>(2,069)</u>	<u>-</u>	<u>142</u>	<u>1,629</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA income relates to a PE & Sports grant and Free School Meals. These are to be used solely for the provision of sports within the school, including teaching costs relating to PE and for the provision of catering services.

Other Government grants relates to SEN funding is to be spent providing extra support to pupils with special educational needs.

The Pension reserve represents the deficit on the LGPS pension scheme.

The Academies Capital Maintenance Fund and Devolved Formula Capital Fund is restricted to use only on capital expenditure.

Transfers of £4,000 have been made from School Fund to Donations in fixed asset funds in relation to capital assets acquired through School Fund income.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
General funds						
Unrestricted funds	30	41	(40)	-	-	31
School Fund	12	18	(22)	-	-	8
	<u>42</u>	<u>59</u>	<u>(62)</u>	<u>-</u>	<u>-</u>	<u>39</u>

REID STREET PRIMARY SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	348	1,545	(1,573)	(41)	-	279
Pupil Premium	-	177	(177)	-	-	-
Other DfE/ESFA Grants	-	66	(66)	-	-	-
Other Government Grants	-	36	(36)	-	-	-
Other Grants	-	1	(1)	-	-	-
Pension reserve	(979)	-	(73)	-	311	(741)
	<u>(631)</u>	<u>1,825</u>	<u>(1,926)</u>	<u>(41)</u>	<u>311</u>	<u>(462)</u>

Restricted fixed asset funds

Legacy assets	1,777	-	(94)	-	-	1,683
Devolved Formula Capital	44	9	(7)	-	-	46
Academies Capital Maintenance Fund	51	-	(4)	-	-	47
Capital expenditure from GAG	312	-	(46)	41	-	307
	<u>2,184</u>	<u>9</u>	<u>(151)</u>	<u>41</u>	<u>-</u>	<u>2,083</u>
Total restricted funds	<u>1,553</u>	<u>1,834</u>	<u>(2,077)</u>	<u>-</u>	<u>311</u>	<u>1,621</u>
Total of funds	<u>1,595</u>	<u>1,893</u>	<u>(2,139)</u>	<u>-</u>	<u>311</u>	<u>1,660</u>

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Unrestricted funds	30	83	(76)	-	-	37
School Fund	12	41	(40)	(4)	-	9
	<u>42</u>	<u>124</u>	<u>(116)</u>	<u>(4)</u>	<u>-</u>	<u>46</u>

REID STREET PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	348	3,052	(3,073)	(41)	-	286
Pupil Premium	-	360	(360)	-	-	-
Other DfE/ESFA Grants	-	148	(148)	-	-	-
Other Government Grants	-	83	(83)	-	-	-
Other Grants	-	4	(4)	-	-	-
Pension reserve	(979)	-	(133)	-	453	(659)
	<u>(631)</u>	<u>3,647</u>	<u>(3,801)</u>	<u>(41)</u>	<u>453</u>	<u>(373)</u>

Restricted fixed asset funds

Legacy assets	1,777	-	(176)	-	-	1,601
Devolved Formula Capital	44	18	(15)	-	-	47
Academies Capital						
Maintenance Fund	51	-	(8)	-	-	43
Capital expenditure from GAG	312	-	(91)	41	-	262
Donations	-	-	(1)	4	-	3
	<u>2,184</u>	<u>18</u>	<u>(291)</u>	<u>45</u>	<u>-</u>	<u>1,956</u>
	<u>1,553</u>	<u>3,665</u>	<u>(4,092)</u>	<u>4</u>	<u>453</u>	<u>1,583</u>
Total of funds	<u>1,595</u>	<u>3,789</u>	<u>(4,208)</u>	<u>-</u>	<u>453</u>	<u>1,629</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2018	2018	2018	2018
	£000	£000	£000	£000
Tangible fixed assets	-	-	1,956	1,956
Current assets	46	361	-	407
Creditors due within one year	-	(75)	-	(75)
Provisions for liabilities and charges	-	(659)	-	(659)
	<u>46</u>	<u>(373)</u>	<u>1,956</u>	<u>1,629</u>

REID STREET PRIMARY SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £000	2017 £000	2017 £000	2017 £000
Tangible fixed assets	-	-	2,083	2,083
Current assets	39	364	-	403
Creditors due within one year	-	(85)	-	(85)
Provisions for liabilities and charges	-	(741)	-	(741)
	<u>39</u>	<u>(462)</u>	<u>2,083</u>	<u>1,660</u>

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £000	2017 £000
Net expenditure for the year (as per Statement of Financial Activities)	(173)	(246)
Adjustment for:		
Depreciation charges	140	151
Dividends, interest and rents from investments	(2)	-
Increase in stocks	(1)	(3)
Increase in debtors	(4)	(5)
Decrease in creditors	(10)	(13)
Capital grants from DfE and other capital income	(9)	(9)
Defined benefit pension scheme cost less contributions payable	42	54
Defined benefit pension scheme finance cost	18	19
Net cash provided by/(used in) operating activities	<u>1</u>	<u>(52)</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash in hand	345	346
Total	<u>345</u>	<u>346</u>

20. PENSION COMMITMENTS

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 Durham County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

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.

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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £128,000 (2017 - £129,000).

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (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 £98,000 (2017 - £92,000), of which employer's contributions totalled £76,000 (2017 - £71,000) and employees' contributions totalled £22,000 (2017 - £21,000). The agreed contribution rates for future years are 18.6% 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
Rate of increase in salaries	3.60 %	3.60 %
Rate of increase for pensions in payment	2.10 %	2.10 %
Discount rate for scheme liabilities	2.80 %	2.50 %
Inflation assumption (CPI)	2.10 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2018	2017
Retiring today		
Males	23.3	23.2
Females	25.0	24.9
Retiring in 20 years		
Males	25.5	25.4
Females	27.3	27.2

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis		
Discount rate +0.1%	2,030	1,976
Discount rate -0.1%	2,115	2,059
Mortality assumption - 1 year increase	2,012	1,956
Mortality assumption - 1 year decrease	2,132	2,079
CPI rate +0.1%	2,087	2,045
CPI rate -0.1%	2,058	1,990

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**NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	685	626
Property	96	92
Government bonds	353	393
Corporate bonds	185	110
Cash and other liquid assets	94	55
	<hr/>	<hr/>
Total market value of assets	1,413	1,276
	<hr/>	<hr/>

The actual return on scheme assets was £55,000 (2017 - £95,000).

Analysis of pension finance income / (costs) is as follows:

	2018 £000	2017 £000
Current service cost	(118)	(125)
Interest income	33	23
Interest cost	(51)	(42)
	<hr/>	<hr/>
Total	(136)	(144)
	<hr/>	<hr/>

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

	2018 £000	2017 £000
Opening defined benefit obligation	2,017	2,102
Current service cost	118	125
Interest cost	51	42
Employee contributions	22	21
Actuarial gains	(120)	(239)
Benefits paid	(16)	(34)
	<hr/>	<hr/>
Closing defined benefit obligation	2,072	2,017
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	1,276	1,123
Expected return on assets	33	23
Actuarial gains/(losses)	22	72
Employer contributions	76	71
Employee contributions	22	21
Benefits paid	(16)	(34)
	<hr/>	<hr/>
Closing fair value of scheme assets	1,413	1,276
	<hr/>	<hr/>

21. NET INTEREST COST ON PENSION SCHEME

	2018 £000	2017 £000
Interest income on pension scheme assets	33	23
Interest on pension scheme liabilities	(51)	(42)
	<hr/>	<hr/>
	(18)	(19)
	<hr/>	<hr/>

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors 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.

No related party transactions took place in the period of account, other than certain Governors' remuneration and expenses already disclosed in Note 10.