

**Townfield Primary School
(A Company Limited by Guarantee)**

Report and Financial Statements

Year Ended

31 August 2016

Company Number: 09119526



Townfield Primary School

Report and financial statements for the year ended 31 August 2016

Contents

Page:

| | |
|----|---|
| 1 | Reference and Administrative Details |
| 2 | Trustees' Report |
| 10 | Governance Statement |
| 13 | Statement on Regularity, Propriety and Compliance |
| 14 | Statement of Trustees' Responsibilities |
| 15 | Independent Auditor's Report on the Financial Statements |
| 17 | Independent Reporting Accountant's Report on Regularity |
| 19 | Consolidated Statement of Financial Activities incorporating Income & Expenditure Account |
| 20 | Consolidated Balance Sheet |
| 21 | Company Balance Sheet |
| 22 | Cash Flow Statement |
| 23 | Notes to the Financial Statements, incorporating: |
| | - Statement of Accounting Policies |
| | - Other Notes to the Financial Statements |

Townfield Primary School

Reference and Administrative Details for the year ended 31 August 2016

Members

Edward Behan
Janet Taylor
Paul Natton
Judith Roach

Trustees

Mrs K Lee
Mr J Moorhead
Mr N Court
Mrs A Shillinglaw
Dr D France
Mrs L Carroll
Mr D Stitcher
Mrs L Kelly
Mr T McDonough
Mrs K Griffiths
Mrs D McGregor
Mr M Thomas
Mrs A Pook

Company Secretary

Miss M Anderson

Company Registration Number

09119526
(England and Wales)

Principal and Registered Office

Townfield Primary School
Townfield Lane
Prenton
CH43 2LH

Independent Auditor

BDO LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Bankers

Lloyds Bank
WIRRAL
BIRMINGHAM OSC 4
ARIEL HOUSE
2138 COVENTRY ROAD
SHELDON
B26 3JW

Solicitors

Hill Dickinson
No.1 St. Pauls Square
Liverpool
L3 9SJ

Townfield Primary School

Trustees' Report for the year ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law. Comparative figures in the financial statements are for the period 1 October 2014 to 31 August 2015.

The trust operates an academy for pupils aged 2 to 11 serving a catchment area in Wirral. It has a pupil capacity of 426 and had a roll of 553 in the school census on 19 May 2016.

Structure, Governance and Management

Constitution

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

The Trustees of Townfield Primary School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Townfield Primary School. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

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

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

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

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

The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

Townfield Primary School

Trustees' Report for the year ended 31 August 2016 (*continued*)

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

When seeking to recruit new Trustees the Members will meet to discuss the skills gaps within the existing Governing Body and recruit someone with the skills to fill any such gaps.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

Governing Body/Trustees

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

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

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

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

Head Teacher (Accounting Officer)

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

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

Townfield Primary School

Trustees' Report for the year ended 31 August 2016 (*continued*)

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

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

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

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

School Business Manager (Chief Financial Officer)

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

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

Responsible Officer

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

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

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

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

Townfield Primary School

Trustees' Report for the year ended 31 August 2016 (*continued*)

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

General areas for review will cover the following:

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

Mrs Williams will produce a full report after each RO visit to the Academy's Members who will personally report findings of each visit to the Finance Committee and these will be reported back to the Governing Body.

Finance Administrator

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

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

Deputy Head Teacher

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

Arrangements for Setting Pay and Remuneration of Key management Personnel

The Academy has its own performance management policy that is reviewed and approved by the trustees annually. All staff have an annual performance management review and the Academy follows the national pay and conditions for teachers and the LA pay and conditions for Non-teaching staff.

Connected Organisations including Related Party Relationships

Townfield Primary school manages a subsidiary company called Townfield Extended Day Scheme (TEDS) that is its own registered company and charity. TEDS is a registered pre-school for 2 to 4 year olds and also offers a breakfast and after school club. TEDS operates on the same site as the Academy. TEDS ceased trading on 29 February 2016 and the activities of TEDS were transferred to the Academy on 1 March 2016.

During the year, Townfield Primary School provided the services of their Deputy Head Teacher to Woodsee Primary School in the capacity as Acting Head Teacher.

Objectives and Activities

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

Townfield Primary School

Trustees' Report for the year ended 31 August 2016 (*continued*)

Objects and Aims

- (a) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and to operate bank accounts in the name of the Academy Trust;
- (b) to raise funds and to invite and receive contributions provided that in raising funds the Academy Trust shall not undertake any substantial permanent trading activities and shall conform to any relevant statutory regulations;
- (c) to acquire, alter, improve and (subject to such consents as may be required by law) to charge or otherwise dispose of property;
- (d) subject to Article 6 below to employ such staff, as are necessary for the proper pursuit of the Object and to make all reasonable and necessary provision for the payments of pensions and superannuation to staff and their dependants;
- (e) to establish or support, whether financially or otherwise, any charitable companies, trusts, associations or institutions formed for all or any of the Object;
- (f) to co-operate with other charities, other independent and maintained schools, schools maintained by a local authority, voluntary bodies and statutory authorities operating in furtherance of the Object and to exchange information and advice with them;
- (g) to pay out of funds of the Academy Trust the costs, charges and expenses of and incidental to the formation and registration of the Academy Trust;
- (h) to establish, maintain, carry on, manage and develop the Academy at Townfield Lane, Prenton, CH43 2LH;
- (i) to offer scholarships, exhibitions, prizes and awards to pupils and former pupils, and otherwise to encourage and assist pupils and former pupils;
- U) to provide educational facilities and services to students of all ages and the wider community for the public benefit;
- (k) to carry out research into the development and application of new techniques in education in particular in relation to its approach to curriculum development and delivery and to publish the results of such research, and to develop means of benefiting from application of the experience of industry, commerce, other schools and the voluntary sector to the education of pupils in academies;
- (l) subject to such consents as may be required by law and/or by any contract entered into by or on behalf of the Academy Trust to borrow and raise money for the furtherance of the Object in such manner and on such security as the Academy Trust may think fit;
- (m) to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Object (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification);
- (n) to delegate the management of investments to a financial expert, but only on terms that:
 - (i) the investment policy is set down in writing for the financial expert by the Governors;
 - (ii) every transaction is reported promptly to the Governors;
 - (iii) the performance of the investments is reviewed regularly with the Governors;
 - (iv) the Governors are entitled to cancel the delegation arrangement at any time;
 - (v) the investment policy and the delegation arrangement are reviewed at least once a year;
 - (vi) all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Governors on receipt; and

Townfield Primary School

Trustees' Report for the year ended 31 August 2016 (*continued*)

Objects and Aims (*continued*)

- (vii) the financial expert must not do anything outside the powers of the Governors.
- (o) to arrange for investments or other property of the Academy Trust to be held in the name of a nominee company acting under the control of the Governors or of a financial expert acting under their instructions, and to pay any reasonable fee required;
- (p) to provide indemnity insurance to Governors in accordance with, and subject to the conditions of section 232 to 235 of the Companies Act 2006, section 189 of the Charities Act 2011 or any other provision of law applicable to charitable companies and any such indemnity is limited accordingly;
- (q) to establish subsidiary companies to carry on any trade or business for the purpose of raising funds for the Academy Trust;
- (r) to do all such other lawful things as are necessary for or are incidental to or conducive to the achievement of the Object.

Objectives, Strategies and Activities

The three main objectives during this financial year for the academy were to improve attitudes to learning through the growing learner's project, to narrow the gap for disadvantaged children in early years and to have a whole school understanding of the teaching of phonics. From a financial perspective the aim was to maintain a healthy surplus and ensure the smooth transition of TEDS becoming part of the Academy.

Public Benefit

The Trustees are fully aware of the charities purpose and have complied with their duty to regard public benefit asset out in the guidance by the Charity Commission.

Strategic Report

Achievements and Performance

The academy continues to be heavily oversubscribed with over 150 applications for 60 places last year. The academy has achieved a band 1 status using the Local Authority criteria and is supporting another underperforming school since March 2016. During this time the academy has helped guide this school (Woodslee Primary School) through an Ofsted inspection with very positive feedback about how much has been achieved in such a short period of time. An application has been submitted to the DFE to become a Multi Academy Trust (MAT), the academy is currently waiting for a decision on the outcome of the application. During the year the academy has successfully completed the transfer of its extended school TEDS to become part of the academy. Key stage one SATS results in all areas are above national and local averages. Key stage 2 results are in line or above national and local averages.

Key Performance Indicators

In its second year the academy has maintained reserves in surplus. The Governors understand the need to manage cash flow and keep reserves for unforeseen circumstances. The academy continues to be one of the most oversubscribed schools on the Wirral with over 150 parents/carers selecting Townfield Primary within their list of choices. The academy is in line with a Local Authority band 1 grade and has an attendance percentage of 96%.

Going Concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Townfield Primary School

Trustees' Report for the year ended 31 August 2016 (*continued*)

Financial Review

The board of Trustees is happy that the Academies finances are healthy and the second year as an Academy has been a success. A budget for the following financial year has been set without the use of any of the Academies generous surplus. The Trustees have kept up to date with its financial policies and procedures covering all financial activity of the Academy. The Academies principal source of funding comes from the Education funding Agency (EFA) in the form of the General Annual Grant (GAG). Other Income from the EFA such as Pupil Premium, Infant Free School Meals and the Education Services Grant (ESG) also help significantly to contribute to the overall income the Academy receives. Just less than 75% of the Academies expenditure is used on staffing resources to ensure the best possible staff are employed and retained to meet the Trustees objective to advance the education of the children enrolled at the Academy. Other expenditure is used to ensure the working environment for stakeholders is maintained and developed to get the best learning potential, where people feel happy and safe. The trusts policy is to keep a level of reserves that accounts for in year cashflow variations and any potential unexpected expenditure, although the academies insurance is likely to cover most of these incidents. Any reserve above the agreed level is to be spent in the best, agreed way to enhance the trusts objective for the children at the Academy in the year the additional reserves relate to. With regards to investment, at present it is the Trusts policy that the Academy will not make any investments. This is to be regularly reviewed but will not change without the trusts agreement.

Reserves Policy

It has been agreed that the Academies reserve will be £100,000 and will remain in the Academies main bank account to cover in year cashflow variances, within this figure there is also reserves to cover unexpected costs such as redundancy and ill health retirement that the Academy was previously covered for by the Local Authority (LA). The reserve in place is unrestricted funds so can therefore be used under any circumstance.

Investment Policy

The trust of the Academy establishes and regularly reviews the Investment Policy. As explained above, the Academy trust does not currently invest any of its reserve funds.

Principal Risks and Uncertainties

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

- Strategic and reputational risks
- Operational risks
- Compliance risks
- Financial risks

Of the risks currently established the board are happy to confirm that none of the risks identified currently pose a significant risk to the Academy.

Plans for Future Periods

Once a year the Members of the Academy meet to discuss the vision both medium and long term for the academy, which is then fed back to the trust. In the short term the Academy is due an Ofsted inspection where the aim and expectation is for the Academy to be assessed as 'outstanding'. This outcome has a significant impact on the vision of the trust to become a multi academy trust (MAT) and teaching school. During the last academic year at the request of the DFE and LA the academy is supporting and working in partnership with an underperforming LA school.

The Academy also has two applications ready to submit to the EFA for capital funding to improve the physical infrastructure the school, with an outcome due early next year.

Townfield Primary School

Trustees' Report for the year ended 31 August 2016 (*continued*)

Funds Held as Custodian Trustee on Behalf of Others

No funds are held as custodian on behalf of others.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report incorporating a strategic report, approved by order of the board of Trustees, as the company directors, on 19/12/16 and signed on the board's behalf by:



Edward Behan
Trustee

Townfield Primary School

Governance Statement for the year ended 31 August 2016

Scope of Responsibility

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

The board of Trustees has delegated the day to day responsibility to the Head Teacher as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Townfield Primary School and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees formally meet once a month throughout the Academic year. This has a change that has happened this year and is working well. Attendance during the year at meetings of the board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Mr E Behan | 11 | 11 |
| Mrs K Lee (Head Teacher and accounting officer) | 10 | 11 |
| Miss J Taylor | 9 | 11 |
| Mr P Natton | 11 | 11 |
| Mr T McDonough | 5 | 11 |
| Mrs J Roach | 8 | 11 |
| Mrs L Kelly | 9 | 11 |
| Mrs L Carroll | 10 | 11 |
| Mrs K Griffiths | 11 | 11 |
| Mr J Moorhead | 7 | 11 |
| Mr N Court | 11 | 11 |
| Mrs A Shillinglaw | 5 | 11 |
| Mr D Stitcher | 11 | 11 |
| Dr D France | 0 | 11 |

During this year no Trustees have resigned from their position.

The biggest challenge that has arisen this year for the board is the lack of hall space required for a school of our size. The current hall is inadequate for the needs of the school for many reasons. Firstly, lunchtimes have had to be extended due to the introduction of free school meals as the current hall can't cope with the additional children having hot dinners. The Academy is also unable to have full school assemblies or hold productions as the hall is too small. A funding application was made unsuccessfully to the EFA for capital funding for a new hall which has been a setback but the academy will continue to explore possible funding avenues.

Governance reviews:

The Trustees now meet once a month and discuss all matters in relation to the Academy including finances, premises, staffing and curriculum. The board of Trustees act as the audit committee and have appointed an independent competent person to carry out internal inspections on a termly basis providing reports to the Trustees.

No issues have arisen during this accounting period.

Townfield Primary School

Governance Statement for the year ended 31 August 2016 (*continued*)

Review of Value for Money

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered improved value for money during the year by;

- Joint procurement exercises for SLA, resources and staffing across the two schools.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Townfield Primary School for the period 01 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 01 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

Townfield Primary School

Governance Statement for the period ended 31 August 2016 (*continued*)

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

- to appoint Mrs Williams, who is AAT qualified as internal auditor to complete the work of the responsible officer on behalf of the Trustees who collectively have been give the role of the Responsible Officers. In addition to this the Trustees have appointed BDO to complete the annual external audit of the Academy accounts.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the auditor reports to the board of Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

Review of Effectiveness

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

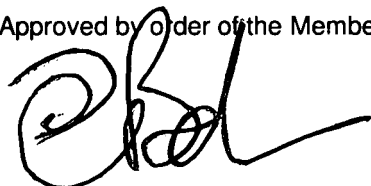
- the work of the external auditor;
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Members of the board of Trustees on

19/12/16

and signed on its behalf by:



Edward Behan
Trustee



Katherine Lee
Accounting Officer

Townfield Primary School

Statement on Regularity, Propriety and Compliance for the year ended 31 August 2016

As accounting officer of Townfield Primary school I have considered my responsibility to notify the academy trust board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Katherine Lee
Accounting Officer

Date 19.12.16

Townfield Primary School

Statement of Trustees' Responsibilities for the year ended 31 August 2016

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

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

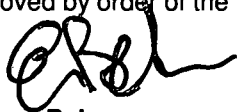
- select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Members of the board of Trustees on 19/12/16 and signed on its behalf by:



Edward Behan
Trustee

Townfield Primary School

Independent Auditor's report to the Members and Trustees of Townfield Primary School

We have audited the consolidated financial statements of Townfield Primary School ("the Academy") for the year ended 31 August 2016 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 (SORP 2015) issued by the Education Funding Agency ("the EFA").

This report is made solely to the Academy's Members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the Trustees, as a body, in accordance with the Academies Accounts Direction 2015 to 2016 (SORP 2015). Our audit work has been undertaken so that we might state to the Academy's Members and Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy, the Academy's Members as a body and the Academy's Trustees as a body for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Trustees and auditor

As explained more fully in the statement of Trustees' responsibilities, the Trustees (who act as Governors of Townfield Primary School and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the Academy's affairs as at 31 August 2016 and of the group's incoming resources and application of resources, including the group's 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 and the Academies Accounts Direction 2015 to 2016 (SORP 2015) issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' annual report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Townfield Primary School

Independent Auditor's report on the financial statements to the Board of Trustees of Townfield Primary School (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept in respect of the parent Academy, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Academy 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.

BDO LLP

Hamid Ghafoor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Liverpool, UK

Date 20/12/16

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

Townfield Primary School

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

In accordance with the terms of our engagement letter dated 11 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in Part 9 of the Academies Accounts Direction 2015 to 2016 (SORP 2015), we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Townfield Primary School during the year to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Townfield Primary School and to the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Townfield Primary School and to the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Townfield Primary School and to the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Townfield Primary School's funding agreement with the Secretary of State for Education dated 30 September 2014 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016 (SORP 2015). We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2016 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 work in accordance with the Academies Accounts Direction 2015 to 2016 (SORP 2015) issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

Townfield Primary School

Independent Reporting Accountant's Assurance Report on Regularity to Townfield Primary School and the Education Funding Agency (*continued*)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

BDO LLP

BDO LLP
Reporting Accountant
Liverpool
United Kingdom

Date 20/12/16.

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

Townfield Primary School

Consolidated statement of financial activities for the year ended 31 August 2016

| | Note | Un- restricted funds £'000 | Restricted General Funds £'000 | Restricted Fixed Asset Funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---|------|-------------------------------------|---|--|------------------------|------------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | - | - | 9 | 9 | 238 |
| Voluntary income – transfer from Local Authority on conversion | 2 | - | - | - | - | 3,562 |
| <i>Charitable activities:</i> | | | | | | |
| Funding for the academy trust's educational operations | 3 | 130 | 2,306 | - | 2,436 | 2,228 |
| Other trading activities | 4 | 36 | - | - | 36 | 37 |
| Total | | 166 | 2,306 | 9 | 2,481 | 6,065 |
| Expenditure on: | | | | | | |
| Raising funds | 5 | 291 | 92 | - | 383 | 387 |
| <i>Charitable activities:</i> | | | | | | |
| Academy trust educational operations | 7 | - | 2,158 | 79 | 2,237 | 1,807 |
| Total | 5 | 291 | 2,250 | 79 | 2,620 | 2,194 |
| Net (expenditure)/income | | (125) | 56 | (70) | (139) | 3,871 |
| Transfers between funds | 14 | - | (58) | 58 | - | - |
| Net (expenditure)/income for the year | | (125) | (2) | (12) | (139) | 3,871 |
| Other recognised gains and losses | | | | | | |
| Actuarial (losses) gains on defined benefit pension schemes | 25 | - | (730) | - | (730) | (30) |
| Net movement in funds | | (125) | (732) | (12) | (869) | 3,841 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward at 1 September 2015 | 14 | (163) | (357) | 4,361 | 3,841 | - |
| Total funds carried forward at 31 August 2016 | | (288) | (1,089) | 4,349 | 2,972 | 3,841 |

The assets and liabilities of Townfield Extended Daycare Scheme Limited were transferred to Townfield Academy Trust on 1 March 2016. All of the principal activities of the charity were continuing for the year ended 31 August 2016. There were no other recognised gains or losses other than the result for the year.

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

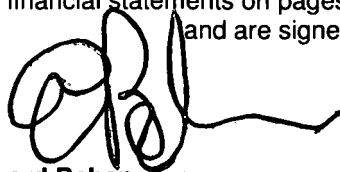
Townfield Primary School

Consolidated Balance sheet at 31 August 2016

| <i>Company number: 09119526</i> | Note | 2016 £'000 | 2016 £'000 | 2015 £'000 | 2015 £'000 |
|--|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 4,349 | | 4,363 |
| Current assets | | | | | |
| Debtors | 12 | 54 | | 71 | |
| Cash at bank and in hand | | 294 | | 392 | |
| | | <u>348</u> | | <u>463</u> | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 13 | (180) | | (221) | |
| Net current assets | | | <u>168</u> | | <u>242</u> |
| Total assets less current liabilities | | | <u>4,517</u> | | <u>4,605</u> |
| Pension scheme liability | 25 | | (1,545) | | (764) |
| Net assets including pension liability | | | <u>2,972</u> | | <u>3,841</u> |
| Funds of the academy trust | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 14 | 4,349 | | 4,361 | |
| General fund | 14 | 456 | | 407 | |
| Pension reserve | 14 | (1,545) | | (764) | |
| Total restricted funds | | | <u>3,260</u> | | <u>4,004</u> |
| Unrestricted income funds | | | | | |
| General fund | 14 | (288) | | (163) | |
| Total unrestricted funds | | | <u>(288)</u> | | <u>(163)</u> |
| Total funds | | | <u>2,972</u> | | <u>3,841</u> |

The financial statements on pages 19 to 45 were approved by the Trustees, and authorised for issue on and are signed on their behalf by:

19/12/16



Edward Behan
Chair of Trustees

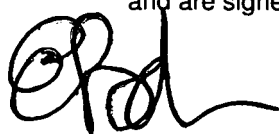
Townfield Primary School

Company Balance sheet at 31 August 2016

| <i>Company number: 09119526</i> | Note | 2016 £'000 | 2016 £'000 | 2015 £'000 | 2015 £'000 |
|--|------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 4,349 | | 4,358 |
| Current assets | | | | | |
| Debtors | 12 | 54 | | 65 | |
| Cash at bank and in hand | | 294 | | 279 | |
| | | <u>348</u> | | <u>344</u> | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 13 | (180) | | (177) | |
| Net current assets | | | <u>168</u> | | <u>167</u> |
| Total assets less current liabilities | | | <u>4,517</u> | | <u>4,525</u> |
| Pension scheme liability | 25 | | (1,545) | | (764) |
| Net assets including pension liability | | | <u>2,972</u> | | <u>3,761</u> |
| Funds of the academy trust | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 15 | 4,349 | | 4,357 | |
| General fund | 15 | 456 | | 176 | |
| Pension reserve | 15 | (1,545) | | (764) | |
| Total restricted funds | | | <u>3,260</u> | | <u>3,769</u> |
| Unrestricted income funds | | | | | |
| General fund | 15 | (288) | | (8) | |
| Total unrestricted funds | | | <u>(288)</u> | | <u>(8)</u> |
| Total funds | | | <u>2,972</u> | | <u>3,761</u> |

The financial statements on pages 19 to 45 were approved by the Trustees, and authorised for issue on
and are signed on their behalf by:

19/12/16



Edward Behan
Chair of Trustees

Townfield Primary School

Cash flow statement for the year ended 31 August 2016

| | Note | 2016 £'000 | 2015 £'000 |
|--|------|---------------|---------------|
| Cash flows from operating activities | | | |
| Net cash (used in)/provided by operating activities | 19 | (42) | 294 |
| Cash flows from investing activities | 20 | (56) | (48) |
| Cash inherited on conversion | 19 | - | 146 |
| | | <hr/> | <hr/> |
| Change in cash and cash equivalents in the reporting period | | (98) | 392 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at 1 September 2015 | | 392 | - |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at 31 August 2016 | 21 | 294 | 392 |
| | | <hr/> | <hr/> |

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016

1 Accounting policies

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Townfield Primary School meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Townfield Primary School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Townfield Primary School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made following the adoption of FRS 102 and SORP 2015.

Going Concern

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

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (*continued*)

1 Accounting policies (*continued*)

Basis of Consolidation

The consolidated statement of financial activities and group balance sheet includes the financial statements of the charitable company and its trading subsidiary Townfield Extended Daycare Scheme Limited made up to the balance sheet date.

On 29 February 2016 Townfield Extended Daycare Scheme Limited ceased trading and all of its assets and liabilities were transferred to the parent company, Townfield Primary School. The net transfer was £66,930.

No separate statement of financial activities has been presented for Townfield Primary School alone, as permitted by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

Income

All income is recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants Receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

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

- **Donated Services and Gifts in Kind**

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

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (*continued*)

1 Accounting policies (*continued*)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

- | | |
|----------------------------|--------------------------------------|
| • Long leasehold buildings | Over the life of the buildings |
| • Long leasehold land | Over the remaining life of the lease |
| • Fixtures and equipment | 10 Years |
| • ICT equipment | 3 Years |
| • Motor vehicles | 5 Years |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. 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.

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (*continued*)

1 Accounting policies (*continued*)

Liabilities

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

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 2 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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (*continued*)

1 Accounting policies (*continued*)

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

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

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

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (*continued*)

2 Donations and capital grants

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Fixed Asset Restricted Funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---|--------------------------------|------------------------------|---|------------------------|------------------------|
| Transfer from local authority on conversion | - | - | - | - | 3,562 |
| Capital grants | - | - | 9 | 9 | 238 |
| Other donations | - | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | - | 9 | 9 | 3,800 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 2015 total | 132 | (698) | 4,366 | | 3,800 |
| | <hr/> | <hr/> | <hr/> | | <hr/> |

3 Funding for the Academy Trust's Educational Operations

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|-------------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) (note 2) | - | 1,701 | 1,701 | 1,572 |
| Other DfE/EFA grants | - | 115 | 115 | 118 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 1,816 | 1,816 | 1,690 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Other Government grants | | | | |
| Local authority grants | - | 240 | 240 | 260 |
| Other government grants | - | 113 | 113 | 79 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 353 | 353 | 339 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Non-Government income | | | | |
| Other income | 130 | - | 130 | 26 |
| School fund | - | 137 | 137 | 173 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 130 | 137 | 267 | 199 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 130 | 2,306 | 2,436 | 2,228 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| 2015 total | 26 | 2,202 | | 2,228 |
| | <hr/> | <hr/> | | <hr/> |

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (*continued*)

4 Other trading activities

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|-------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Staff consultancy | 20 | - | 20 | 8 |
| Catering income | 16 | - | 16 | 29 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 36 | - | 36 | 37 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>2015 total</i> | 37 | - | | 37 |
| | <hr/> | <hr/> | | <hr/> |

5 Expenditure

| | Staff costs £'000 | Non pay premises £'000 | Expenditure other £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---|-------------------------|------------------------------|-------------------------------|------------------------|------------------------|
| Raising funds | 307 | 4 | 72 | 383 | 387 |
| Academy's educational operations: | | | | | |
| Direct costs | 878 | - | 130 | 1,008 | 847 |
| Allocated support costs | 682 | 256 | 291 | 1,229 | 960 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,867 | 260 | 493 | 2,620 | 2,194 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

The Academy's educational operations expenditure above totalling £2,620,000 (2015: £2,194,000) included £2,250,000 (2015: £1,784,000) used from restricted funds, £291,000 (2015: £358,000) used from unrestricted funds and £79,000 (2015: £52,000) used from restricted fixed asset funds.

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (continued)

6 Resources expended (continued)

Incoming/outgoing resources for the year include:

| | Total 2016 £'000 | Total 2015 £'000 |
|-------------------------------|---------------------------------|---------------------------------|
| Operating leases | 6 | 4 |
| Depreciation | 79 | 53 |
| Auditors' remuneration: | | |
| Audit of financial statements | 11 | 10 |
| Other services - Accountancy | 5 | 9 |
| | <hr/> | <hr/> |

7 Charitable activities

| | Total 2016 £'000 | Total 2015 £'000 |
|--|---------------------------------|---------------------------------|
| Direct costs - educational operations | 1,008 | 847 |
| Support costs - educational operations | 1,229 | 960 |
| | <hr/> | <hr/> |
| | 2,237 | 1,807 |
| | <hr/> | <hr/> |

Analysis of support costs

| | Total 2016 £'000 | Total 2015 £'000 |
|---------------------|---------------------------------|---------------------------------|
| Support staff costs | 682 | 533 |
| Depreciation | 79 | 52 |
| Technology costs | 12 | 31 |
| Premises costs | 181 | 148 |
| Other support costs | 251 | 173 |
| Governance costs | 24 | 23 |
| | <hr/> | <hr/> |
| | 1,229 | 960 |
| | <hr/> | <hr/> |

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (continued)

8 Staff

| | Total 2016 £'000 | Total 2015 £'000 |
|-------------------------------------|------------------------|------------------------|
| a. Staff costs | | |
| Staff costs during the period were: | | |
| Wages and salaries | 1,427 | 1,307 |
| Social security costs | 86 | 60 |
| Pension costs | 213 | 154 |
| | <hr/> 1,726 | <hr/> 1,521 |
| Supply staff costs | 141 | 56 |
| | <hr/> 1,867 | <hr/> 1,577 |

b. Staff severance payments

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

c. Staff numbers

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

| | 2016 No | 2015 No |
|------------------------------|------------|------------|
| Charitable activities | | |
| Teachers | 15 | 12 |
| Administrations and support | 45 | 31 |
| Management | 6 | 6 |
| | <hr/> 66 | <hr/> 49 |

d. Higher paid staff

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

| | 2016 No | 2015 No |
|-------------------|------------|------------|
| £70,001 - £80,000 | - | 1 |
| £80,001 - £90,000 | 1 | - |
| | <hr/> | <hr/> |

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2016 employer's pension contributions for this staff Member amounted to £13,941 (2015: £10,968).

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (continued)

8 Staff (continued)

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £328,475 (2015: £305,359).

9 Related Party Transactions – Trustees remuneration and expenses

The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Trustees.

The value of Trustees' remuneration was as follows:

K Lee (Head Teacher and Trustee):

| | |
|--------------------------------------|---|
| Remuneration | £80,000 - £85,000 (2015: £75,000 - £80,000) |
| Employers pension contributions paid | £10,000 - £15,000 (2015: £10,000 - £15,000) |

D Stitcher (staff Governor):

| | |
|---------------------------------|---|
| Remuneration | £45,000 - £50,000 (2015: £40,000 - £45,000) |
| Employers pension contributions | £0 - £5,000 (2015: NIL) |

L Carroll (staff Governor):

| | |
|---------------------------------|---|
| Remuneration | £15,000 - £20,000 (2015: £20,000 - £25,000) |
| Employers pension contributions | £0 - £5,000 (2015: £0 - £5,000) |

K Griffiths (staff Governor):

| | |
|---------------------------------|---|
| Remuneration | £15,000 - £20,000 (2015: £10,000 - £15,000) |
| Employers pension contributions | £0 - £5,000 (2015: £0 - £5,000) |

During the year ended 31 August 2016, travel and subsistence expenses totalling £483 (2015: £316) were reimbursed to 1 Trustee. Other related party transactions involving the Trustees are set out in note 26.

10 Trustees' and Officers' Insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (*continued*)

11 Consolidated tangible fixed assets

| | Leasehold land and buildings £'000 | Furniture and equipment £'000 | Computer equipment £'000 | Motor vehicles £'000 | Total £'000 |
|------------------------|---|--|--------------------------------|----------------------------|----------------|
| Cost | | | | | |
| At 1 September 2015 | 4,176 | 112 | 126 | 2 | 4,416 |
| Additions | 31 | 20 | 14 | - | 65 |
| Disposals | - | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 August 2016 | 4,207 | 132 | 140 | 2 | 4,481 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | | |
| At 1 September 2015 | (17) | (9) | (26) | (1) | (53) |
| Charged in year | (19) | (13) | (46) | (1) | (79) |
| Disposals | - | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 August 2016 | (36) | (22) | (72) | (2) | (132) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book values | | | | | |
| At 31 August 2016 | 4,171 | 110 | 68 | - | 4,349 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 August 2015 | 4,159 | 86 | 117 | 1 | 4,363 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (continued)

11 Academy tangible fixed assets

| | Leasehold land and buildings £'000 | Furniture and equipment £'000 | Computer equipment £'000 | Motor vehicles £'000 | Total £'000 |
|------------------------|---|--|--------------------------------|----------------------------|----------------|
| Cost | | | | | |
| At 1 September 2015 | 4,176 | 106 | 126 | 2 | 4,410 |
| Additions | 31 | 20 | 11 | - | 62 |
| Transfer from TEDS | - | 5 | 3 | - | 8 |
| Disposals | - | - | - | - | - |
| At 31 August 2016 | 4,207 | 131 | 140 | 2 | 4,480 |
| Depreciation | | | | | |
| At 1 September 2015 | (17) | (8) | (26) | (1) | (52) |
| Charged in year | (19) | (13) | (46) | (1) | (79) |
| Disposals | - | - | - | - | - |
| At 31 August 2016 | (36) | (21) | (72) | (2) | (131) |
| Net book values | | | | | |
| At 31 August 2016 | 4,171 | 110 | 68 | - | 4,349 |
| At 31 August 2015 | 4,159 | 98 | 98 | 1 | 4,358 |

12 Debtors

| | Townfield 2016 £'000 | Consolidated 2016 £'000 | Townfield 2015 £'000 | Consolidated 2015 £'000 |
|--------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| VAT recoverable | - | - | 17 | 17 |
| Prepayments and accrued income | 54 | 54 | 48 | 54 |
| | 54 | 54 | 65 | 71 |

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (*continued*)

13 Creditors: amounts falling due within one year

| | Townfield 2016 £'000 | Consolidated 2016 £'000 | Townfield 2015 £'000 | Consolidated 2015 £'000 |
|--------------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| Trade creditors | 1 | 1 | 1 | 1 |
| Taxation and social security | 51 | 51 | 47 | 47 |
| Accruals and deferred income | 128 | 128 | 129 | 173 |
| | <u>180</u> | <u>180</u> | <u>177</u> | <u>221</u> |
| | | | | |
| | Townfield 2016 £'000 | Consolidated 2016 £'000 | Townfield 2015 £'000 | Consolidated 2015 £'000 |
| Deferred income | | | | |
| Deferred income at 1 September 2015 | 51 | 86 | - | - |
| Resources deferred in the year | 33 | 33 | 51 | 86 |
| Amounts released from previous years | (51) | (86) | - | - |
| | <u>33</u> | <u>33</u> | <u>51</u> | <u>86</u> |
| Deferred income at 31 August 2016 | | | | |

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (*continued*)

14 Consolidated Funds

| | Balance at 1 September 2015 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2016 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 407 | 1,701 | (1,594) | (58) | 456 |
| Other DfE/EFA grants | - | 115 | (115) | - | - |
| Other restricted income | - | 490 | (490) | - | - |
| Pension reserve | (764) | - | (51) | (730) | (1,545) |
| | <u>(357)</u> | <u>2,306</u> | <u>(2,250)</u> | <u>(788)</u> | <u>(1,089)</u> |
| Restricted fixed asset funds | | | | | |
| On transfer from conversion | 4,079 | - | (71) | - | 4,008 |
| DfE/EFA capital grants | 235 | 9 | (6) | - | 238 |
| Capital expenditure from GAG | 47 | - | (2) | 58 | 103 |
| | <u>4,361</u> | <u>9</u> | <u>(79)</u> | <u>58</u> | <u>4,349</u> |
| Total restricted funds | <u>4,004</u> | <u>2,315</u> | <u>(2,329)</u> | <u>(730)</u> | <u>3,260</u> |
| Unrestricted funds | | | | | |
| Unrestricted funds | (163) | 166 | (291) | - | (288) |
| Total unrestricted funds | <u>(163)</u> | <u>166</u> | <u>(291)</u> | <u>-</u> | <u>(288)</u> |
| Total funds | <u>3,841</u> | <u>2,481</u> | <u>(2,620)</u> | <u>(730)</u> | <u>2,972</u> |

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (*continued*)

15 Academy Funds

| | Balance at 1 September 2015 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2016 £'000 |
|-------------------------------------|--|-----------------|----------------------|---|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 176 | 1,595 | (1,432) | 117 | 456 |
| Other DfE/EFA grants | - | 110 | (110) | - | - |
| Other restricted income | - | 490 | (490) | - | - |
| Pension reserve | (764) | - | (51) | (730) | (1,545) |
| | <u>(588)</u> | <u>2,195</u> | <u>(2,083)</u> | <u>(613)</u> | <u>(1,089)</u> |
| Restricted fixed asset funds | | | | | |
| On transfer from conversion | 4,079 | - | (71) | - | 4,008 |
| DfE/EFA capital grants | 235 | 9 | (6) | - | 238 |
| Transfer from TEDS | - | 8 | - | - | 8 |
| Capital expenditure from GAG | 43 | - | (2) | 54 | 95 |
| | <u>4,357</u> | <u>17</u> | <u>(79)</u> | <u>54</u> | <u>4,349</u> |
| Total restricted funds | <u>3,769</u> | <u>2,212</u> | <u>(2,162)</u> | <u>(559)</u> | <u>3,260</u> |
| Unrestricted funds | | | | | |
| Unrestricted funds | (8) | 101 | (269) | (171) | (347) |
| Transfer from TEDS | - | 59 | - | - | 59 |
| | <u>(8)</u> | <u>160</u> | <u>(269)</u> | <u>(171)</u> | <u>(288)</u> |
| Total unrestricted funds | <u>(8)</u> | <u>160</u> | <u>(269)</u> | <u>(171)</u> | <u>(288)</u> |
| Total funds | <u>3,761</u> | <u>2,372</u> | <u>(2,431)</u> | <u>(730)</u> | <u>2,972</u> |

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 *(continued)*

16 Analysis of net assets between funds

Consolidated fund balances at 31 August 2016 are represented by:

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total funds £'000 |
|----------------------------------|--------------------------------|---|---|-------------------------|
| Tangible fixed assets | - | - | 4,349 | 4,349 |
| Net current assets/(liabilities) | (288) | 456 | - | 168 |
| Pension scheme liability | - | (1,545) | - | (1,545) |
| Total net assets | (288) | (1,089) | 4,349 | 2,972 |

17 Capital commitments

There were no material capital commitments at the period end.

18 Financial commitments

At 31 August 2016 the academy trust had annual commitments under non-cancellable operating leases as follows:

| | Townfield 2016 £'000 | Consolidated 2016 £'000 | Townfield 2015 £'000 | Consolidated 2015 £'000 |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| Other | | | | |
| Expiring within one year | 6 | 6 | 6 | 6 |
| Expiring with two and five years inclusive | 3 | 3 | 9 | 9 |
| Expiring in over five years | | | | |
| | 9 | 9 | 15 | 15 |

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (continued)

19 Reconciliation of net income to net cash inflow from operating activities

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Net (expenditure)/income for the reporting period (as per the statement of financial activities) | (139) | 3,871 |
| Adjusted for: | | |
| Depreciation (note 11) | 79 | 53 |
| Capital grants from DfE and other capital income | (9) | (238) |
| Defined benefit pension scheme cost less contribution payable (note 25) | 20 | 28 |
| Defined benefit pension scheme finance income (note 25) | 31 | (6) |
| Decrease/(increase) in debtors | 17 | (71) |
| (Decrease)/increase in creditors | (41) | 221 |
| FRS102 pension on conversion | - | 712 |
| Cash on conversion | - | (146) |
| Non-cash on conversion | - | (4,130) |
| Net cash (used in)/provided by operating activities | (42) | 294 |

20 Cash flows from investing activities

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Purchase of tangible fixed assets | (65) | (286) |
| Capital grants from DfE/EFA | 9 | 238 |
| Net cash (used in) investing activities | (56) | (48) |

21 Analysis of cash and cash equivalents

| | At 31 August 2016 £'000 | At 31 August 2015 £'000 |
|--|----------------------------------|----------------------------------|
| Cash in hand and at bank | 294 | 392 |
| Total cash and cash equivalents | 294 | 392 |

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (*continued*)

22 Guarantees, Letters and comfort and Indemnities

There were guarantees, letters of comfort and indemnities provided by the trust during the year.

23 Contingent liabilities

There were no contingent liabilities in the year.

24 Member's liability

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

25 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson LLP. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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.

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (*continued*)

25 Pension and similar obligations (*continued*)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £104,134 (2015: £78,594).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £132,547 (2015: £110,233) of which employer's contributions totalled £90,131 (2015: £73,835) and employees' contributions totalled £42,416 (2015: £36,398). The agreed contribution rates for future years are 12.3 per cent for employers and 16.48 per cent 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.

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (continued)

25 Pension and similar obligations (continued)

Principal actuarial assumptions

| | At 31 August 2016 | At 31 August 2015 |
|--|-------------------------|-------------------------|
| Rate of increase in salaries | 3.40% | 3.70% |
| Rate of increase for pensions in payment | 2.00% | 2.20% |
| Discount rate for scheme liabilities | 2.0% | 4.00% |
| Commutation of pensions to lump sums | 50.0% | 50.0% |
| CPI Inflation | 1.90% | 2.20% |

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

| | At 31 August 2016 | At 31 August 2015 |
|-----------------------------|-------------------------|-------------------------|
| <i>Retiring today</i> | | |
| Males | 22.5 years | 22.4 years |
| Females | 25.4 years | 25.3 years |
| <i>Retiring in 20 years</i> | | |
| Males | 24.9 years | 24.8 years |
| Females | 28.2 years | 28.1 years |

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

| | Fair value at 31 August 2016 £'000 | Fair value at 31 August 2015 £'000 |
|--|---|---|
| Equities | 176 | 81 |
| Government Bonds | 16 | 19 |
| Other bonds | 40 | 7 |
| Property | 28 | 12 |
| Cash/liquidity | 13 | 4 |
| Other | 65 | 13 |
| Total market value of assets | 338 | 136 |
| Present value of scheme liabilities | | |
| - Funded | (1,883) | (900) |
| Surplus/(deficit) in the scheme | (1,545) | (764) |

The actual return on scheme assets was £42,000 (2015: £3,000).

Townfield Primary School

Notes forming part of the financial statements
for the year ended 31 August 2016 (*continued*)

25 Pension and similar obligations (*continued*)

| Amounts recognised in the statement of financial activities | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Current service cost (net of employee contributions) | (142) | (95) |
| Net interest cost | (27) | (25) |
| Administrative expenses | (4) | (3) |
| | <hr/> | <hr/> |
| Total operating charge | (173) | (123) |
| | <hr/> | <hr/> |

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

| | 2016 £'000 | 2015 £'000 |
|-------------------------------------|---------------|---------------|
| At 1 September | 900 | - |
| Current service cost | 142 | 95 |
| Interest cost | 36 | 28 |
| Employee contributions | 42 | 35 |
| Actuarial (gain)/loss | 763 | 30 |
| Plan introductions, benefit changes | - | 712 |
| | <hr/> | <hr/> |
| At 31 August | 1,883 | 900 |
| | <hr/> | <hr/> |

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

| | 2016 £'000 | 2015 £'000 |
|-------------------------|---------------|---------------|
| At 1 September | 136 | - |
| Interest income | 9 | 3 |
| Actuarial gain/(loss) | 33 | - |
| Administration expenses | (4) | (3) |
| Employer contributions | 122 | 101 |
| Employee contributions | 42 | 35 |
| | <hr/> | <hr/> |
| At 31 August | 338 | 136 |
| | <hr/> | <hr/> |

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (*continued*)

26 Related party transactions

On the 29 February 2016, the Academy's 100% subsidiary ceased trading and transferred all of its assets and liabilities to the Academy.

Prior to the transfer the following related party transaction took place in the period of account.

Management fee recharges from the Academy to Townfield Extended Daycare Scheme Limited amounted to £16,206 (2015: £29,712). This recharge relates to the running costs of the premises that are shared with the Academy.

During the year, Townfield Extended Daycare Scheme Limited gifted £nil (2015: £25,000) of its surplus to Academy.

On 29 February 2016 Townfield Extended Daycare Scheme Limited ceased trading and all of its assets and liabilities were transferred to the parent company, Townfield Primary School. The net transfer was £66,930.

During the year, Townfield Primary School provided the services of their Deputy Head Teacher to Woodlsee Primary School in the capacity as Acting Head Teacher. Townfield Primary School invoiced Woodslee Primary School fees amounting to £41,009, of which £11,112 was outstanding as at 31 August 2016.

Townfield Primary School

Notes forming part of the financial statements for the year ended 31 August 2016 (*continued*)

27 First time adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2015 are given below:

| | Note | 1 September 2014 £'000 | 31 August 2015 £'000 |
|--|------|------------------------------|----------------------------|
| Reconciliation of total funds | | | |
| Total funds under previous UK GAAP | | - | 3,841 |
| Employee benefits accrual | B | - | - |
| | | <hr/> | <hr/> |
| Total funds reported under FRS 102 | | - | 3,841 |
| | | <hr/> | <hr/> |
| | Note | | 31 August 2015 £'000 |
| Reconciliation of net income/(expenditure) | | | |
| Net income/(expenditure) previously reported under UK GAAP | | | 3,872 |
| Change in recognition of LGPS interest cost | A | | (1) |
| Employee benefits accrual | B | | - |
| | | | <hr/> |
| Net movement in funds reported under FRS 102 | | | 3,871 |
| | | | <hr/> |

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in the SoFA. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenditure by £1,000 and decrease the credit in other recognised gains and losses in the SoFA by an equivalent amount.

B – Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. Employees are not entitled to carry forward any unused holiday entitlement at the reporting date. Therefore there are no costs of any unused entitlement to recognise as at 31 August 2015 and 31 August 2016.