

SUMMERCROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

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SUMMERCROFT PRIMARY SCHOOL

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2017

Members

Mr M Kirby
Mr K Goodeve
Mrs E Bailey (resigned 31 August 2017)
Mr J O'Gorman (resigned 31 August 2017)
Mr S Watkins (appointed 26 September 2016)
Mrs G Hayes (appointed 8 November 2017)
Mr S Parry (appointed 8 November 2017)

Trustees

Mrs C Hinstridge, Headteacher
Mr S Jess, Deputy Headteacher
Mrs A Burns, Staff Governor
Mrs E Bailey, Parent Governor (resigned 1 September 2017)
Mr K Goodeve, Parent Governor
Mrs J Anderson, Parent Governor
Mr J O'Gorman, Parent Governor (resigned 1 September 2017)
Mr M Kirby, Chair of Governors
Mr M Piper, Parent Governor (resigned 1 September 2017)
Mr S Watkins, Parent Governor
Mr S Parry, Community Governor
Mrs G Hayes, Community Governor (appointed 14 October 2016)
Miss C Paige, Community Governor (appointed 23 November 2016)
Mr C Adams (appointed 1 September 2017)
Mr T Hyams (appointed 1 September 2017)
Dr J O'Sullivan (appointed 1 September 2017)
Mrs M Cox (appointed 22 September 2017)
Mrs K Davey (appointed 26 September 2016, resigned 1 September 2017)

Company Secretary

Miss C Lanario

Company registered number

07715667

Company name

Summernote Primary School

Registered and principal office

Plaw Hatch Close
Bishop's Stortford
Hertfordshire
CM23 5BJ

Chief Executive Officer

Mrs C Hinstridge

Leadership Team

Mrs C Hinstridge, Headteacher
Mr S Jess, Deputy Headteacher
Mrs C Bugg, Assistant Headteacher
Mr T Purser, Year 2
Mrs J Brewer, Year 4
Mrs E Richardson, Year 6
Mrs H Smith, (resigned 31 January 2017)
Mrs C Phillips, (appointed 1 January 2017)

Independent Auditors

Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Bankers

NatWest
7 North Street
Bishop's Stortford
Hertfordshire
CM23 2JT

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Summercroft Primary School (the Academy, The Trust or the Charitable Company) for the year ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy School for pupils aged 3 to 11 serving a catchment area in Bishop's Stortford East. It has a pupil capacity of 460 (which includes nursery places) and had a roll of 442 as indicated in the Summer Term 2016-2017 school census.

Structure, Governance and Management

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Summercroft Primary School (the School).

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

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 and Officers' Indemnities

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.

Method of Recruitment and Appointment or Election of Trustees

The Members of the Charitable Company may appoint up to 3 Trustees. Such members may appoint Staff Trustees through such process as they may determine. The Local Authority may appoint a Trustee. A minimum of 2 Parent Trustees each of whom must be a parent of a pupil at the School at the time of election shall be elected by parents of registered pupils at the School in accordance with arrangements made by the Trustees. The Trustees may appoint up to one co-opted Trustee.

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term of 4 years but subject to remaining eligible may be reappointed or re-elected. The Headteacher is an ex officio member of the Governing Body to whom the time limit does not apply. Parent Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for not less than 3 Trustees but no maximum being up to 3 Trustees appointed by the members, 4 Staff Trustees if appointed, 1 Local Authority Trustee if appointed, a minimum of 2 Parent Trustees, the Headteacher and 1 co-opted Trustee if appointed but the total number of Trustees including the Headteacher who are employees of the Charitable Company must not exceed one third of the total number of Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

New Trustees are invited to take a tour of the Academy and meet some of the pupils and staff. There is a Trustees' Information Pack which includes a Code of Conduct, the Trustees' Visits Policy and the Terms of Reference of the committees. They have an induction meeting with one or more Trustees usually the Chair of Trustees and the Headteacher and attend induction training by an external provider.

The Charitable Company is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust has a training package with an external provider.

All new Trustees are entitled to further induction to the role, according to their need, which may include introductory sessions, further mentoring and further formal courses.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Trustees is led by the Chair of Trustees who is assisted and supported by a Vice Chair or Vice Chairs. There are two Committees which have their own terms of reference one for Finance and Resources which has some delegated financial powers which met on 3 occasions during the year and one for Learning and Pupil Progress which met once during the year. Each Trustee monitors a core curriculum subject or some other development area of the School Development Plan or fulfils some statutory requirement or undertakes some other area of responsibility.

The Board of Trustees, which met on 5 occasions during the year, is responsible for the strategic direction of the Academy and for ensuring accountability and financial probity. The Board reviews progress towards educational objectives and results, approves major expenditure requests, sets the budget for the following year, sets the organisational staffing structure and agrees the performance objectives of the Headteacher with the School Improvement Partner and reviews them.

The Headteacher is the designated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher delegates responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Headteacher manages the Academy on a daily basis supported by a Leadership Team of senior and middle leaders (LT). The LT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Board of Trustees as required for approval. Each member of the LT has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel means the Headteacher, Deputy Headteacher and Assistant Headteacher of the Academy to whom the Trustees have delegated significant authority and responsibility for the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, ISR, the pay scale for the role, the level of experience and progress towards performance management objectives. In addition, pay levels may be affected by nationally agreed pay awards and the ability to recruit and retain in post. All of these factors are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration are reviewed by the Finance and Resources Committee for approval by the Board of Trustees.

Related Parties and other Connected Charities and Organisations

The Academy is a single Academy Trust and is not part of a federation. Owing to the nature of the Trust's operations and the composition of the Board of Trustees, being drawn from the local community, staff and parents, it is possible that from time to time transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust does not have a formal sponsor.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 3 and 11.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, Strategies and Activities

The main objectives for the year were to:-

- Improve the quality of teaching and learning in Core Curriculum areas.
- Strengthen leadership and management.
- Improve the progress and attainment of all pupils with particular focus on vulnerable groups.
- Improve the progress and attainment of all pupils through positive staffing and a focus of the community's wellbeing.
- Ensure that Trustees check how well the Academy is doing and visits are focussed on the priorities for improvement.

During the year the School has worked towards these aims by:

- A comprehensive written plan of actions, responsibilities for them, success criteria and specific monitoring.
- Setting challenging appraisal and performance management objectives for the Headteacher and teaching staff that also meet career grade expectations and addressing underperformance.
- Allocating specific time for middle leaders, as core subject & phase team leaders to monitor the quality of teaching and learning and the progress and attainment of pupils in their areas.
- Ensuring all staff were supported to fulfil their roles effectively using coaching and mentoring skills.
- Trustee link roles for core curriculum subjects, Early Years, Pupil Premium and leadership and management and visit feedback forms indicating the links between the visit and the objectives.
- Supplying the Trustees with comprehensive data on the progress and attainment of pupils so that they can ask challenging questions.

Our success in fulfilling our aims can be measured by:

- The School was rated Good by Ofsted following their inspection in December 2016. Subsequent visits by the School's Improvement Partner concluded that good progress was being made towards fulfilling the objectives.
- Parent and pupil voice as gathered by Ofsted.
- The achievements and performance noted in the Strategic Report.

Public Benefit

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The Trust continued its objectives to ensure that pupils achieve their potential through a broad and balanced curriculum, encouraging a wide range of enrichment activities and developing and retaining outstanding staff, despite a challenging market for recruitment and retention of teachers in Hertfordshire.

Specific achievements were as follows:

EYFS

EYFSP	2014 GLD			2015 GLD			2016 GLD		
	Sch	Herts	Nat	Sch	Herts	Nat	Sch	Herts	Nat
3 year trend									
% attaining	83%	66%	60%	48%	69%	61%	77%	70%	69%
good level of development									

- 30% increase in children attaining Good Level of Development (GLD) at end of EYFS compared to last year.
- Above Herts and National % attaining GLD.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Year 1 Phonics

Phonics Screening Check	2014			2015			2016		
	Sch	Herts	Nat	Sch	Herts	Nat	Sch	Herts	Nat
% Y1 reaching expected standard	92%	77%	74%	93%	80%	77%	90%	83%	-

- Strong 3 year trend of data continues.
- Above Herts and National figures reaching expected standard.

End of KS1 2017

Subject	School	A.R.E. +	
		National	County
Reading	77%	76%	79%
Writing	68%	68%	71%
Maths	78%	75%	77%

End of KS2 2017

Subject	School	National	A.R.E. + County	Progress	
				School Progress	National Progress
Reading	93%	71%	76%	+5.5	-5
Writing	85%	76%	79%	+0.9	-7
Spelling, Punctuation & Grammar	95%	75%	77%		
Maths	97%	70%	73%	+6.3	-5
R, W & M	84%	61%	65%		

- Attainment is well above National in all areas.
- Progress (Value Added) is strong for Reading and Maths.

Key Performance Indicators

The Trustees receive regular information at committee meetings to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2016-17 were 442 against a forecast of 452.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2016/17 this was just over 74% against set parameters of 80%. The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures are approved by the Board.

The Finance and Resources Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPIs were within the parameters set by the Board.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2017 the Trust received £1,403,506 of GAG funding and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. The Academy brought forward from 15/16, £61,264. The carry forward for 16/17 is £83,219.

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Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £432,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the School Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £83,219. This has been built up from a mixture of locally raised income and balances transferred from the previous year.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £83,219.

The cash balance of the Academy has been reasonable all year, ending the year with a balance of £193,514. The Trustees monitor cash flow as part of the School Business Manager's reports to the Finance and Resources Committee.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at the Finance and Resources Committee meetings. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an Academy School, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- the Academy has considerable reliance on continued Government funding through the EFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that pupil progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Academy has appointed an Internal Auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;

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- financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Plans for Future Periods

The Academy will continue to raise standards for all pupils and build on the good progress recorded in the SATs results this year. The Academy will also continue to work with other local schools and organisations in order to provide pupils with a wide range of opportunities for their learning.

The School is considering whether to make a bid for funding in order to extend the dining room and kitchen area as well as replacing classroom roofing.

Funds Held as Custodian Trustee on Behalf of Others

No funds are held as custodian Trustee.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Charitable Company's Auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the AGM of the Charitable Company.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 7 December 2017 and signed on the Board's behalf by:

Mr M Kirby
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Summercroft 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 Headteacher, 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 Summercroft 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 has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs C Hintridge	5	5
Mr S Jess	5	5
Mrs A Burns	4	5
Mrs E Bailey	4	5
Mr K Goodeve	5	5
Mrs J Anderson	4	5
Mr J O'Gorman	2	5
Mr M Kirby	5	5
Mr M Piper	3	5
Mr S Watkins	3	5
Mr S Parry	5	5
Mrs G Hayes	3	3
Miss C Paige	3	3
Mr C Adams	0	0
Mr T Hyams	0	0
Dr J O'Sullivan	0	0
Mrs M Cox	0	0
Mrs K Davey	2	5

The Finance and Resources Committee is the sub-committee of the Board of Trustees. Its purpose is to;

- Appoint External Auditors and review Financial Officer reports.
- Review and monitor staffing changes and structure.
- Review the risk register and schedule of financial delegation.
- Consider new policies and make recommendations on non statutory policies.
- Prepare with the Headteacher and Financial Officer a capital and expenditure budget and five year financial plan for submission to the Board of Trustees.
- Review lettings income and strategy.
- Oversee, review and monitor expenditure within the budget including pupil premium and ensure value for money is being sought.
- Review and monitor Pay Policy.
- Consider all aspects of the remuneration of teaching and support staff and ensure compliance with the School Teachers Pay and Conditions.
- Consider recommendations by the Headteacher regarding pay for teaching staff within performance related pay review process.

The key change in the composition of the Finance and Resources Committee during the year was the appointment of Kevin Goodeve as Chair in place of Timothy Winstanley who had resigned as of 31 August 2016. Appointments in the year included Gaynor Hayes and Charlotte Paige who became members of the committee.

The main challenge that arose for the committee was the of overseeing of proposed cutbacks in expenditure to achieve a balanced budget for 2017/18, due to reductions in income. Whilst also maintaining the educational performance of the School and its pupils.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Kirby	3	3
Mrs C Hintridge	3	3
Mr K Goodeve	3	3
Mr J O'Gorman	3	3
Mr S Parry	2	3
Mrs G Hayes	3	3
Miss C Page	2	3

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- encouraging Four Higher Level Teaching Assistants to achieve their qualification which has resulted in more cost effective and higher quality provision for PPA cover.
- requesting Catalyst Teaching School Alliance to Broker, on the School's behalf, for School to School support to improve leadership and management of the School and to secure a successful Ofsted outcome.
- investing in an additional lead Midday Supervisory Assistant in KS1 to improve the retention of MSAs.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Summernote Primary School for the year 1 September 2016 to 31 August 2017 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy'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 and Resources 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Paul Tucker, a parent who is an accountant, as a Responsible Officer (RO).

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GOVERNANCE STATEMENT (continued)

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

- Review of Governance and Financial Management, Banking and Expense Claims.
- Review of Personnel, Payroll, Assets IT & Security and Payments.
- Review of Value for Money, Income, Monthly Reconciliations and Cashflow.

On a termly basis, the RO reports to the Board of Trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The appointee has delivered their schedule of work as planned, and any control issues identified were actioned appropriately.

REVIEW OF EFFECTIVENESS

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

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

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

Approved by the Board of Trustees on 1 December 2016 and signed on their behalf, by:

Mr M Kirby
Chair of Trustees

Mrs C Hintridge
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Summercroft Primary School I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

I confirm that I and the 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 2016.

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

Mrs C Hinstridge
Accounting Officer

Date: 7 December 2017

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STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as Governors of Summercroft 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by the Board of Trustees on 7 December 2017 and signed on its behalf by:

Mr M Kirby
Chair of Trustees

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

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

OPINION

We have audited the financial statements of Summernote Primary School (the 'Academy') for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our Report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

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

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors Report) for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants and Statutory Auditors
Causeway House, 1 Dane Street
Bishop's Stortford
Hertfordshire, CM23 3BT
7 December 2017

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 24 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Summercroft Primary School during the year 1 September 2016 to 31 August 2017 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 Summercroft Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Summercroft Primary School and the ESFA those matters we are required to state in a Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Summercroft Primary School and the ESFA, for our work, for this Report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Summercroft Primary School's funding agreement with the Secretary of State for Education dated 21 March 2011., and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Chartered Accountants

7 December 2017

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	-	46,303	8,937	55,240	82,779
Charitable activities	3	60,407	1,617,480	-	1,677,887	1,759,251
Other trading activities	4	42,996	29,554	-	72,550	60,262
Investments	5	120	-	-	120	235
TOTAL INCOME		<u>103,523</u>	<u>1,693,337</u>	<u>8,937</u>	<u>1,805,797</u>	<u>1,902,527</u>
EXPENDITURE ON:						
Charitable activities		<u>77,408</u>	<u>1,757,337</u>	<u>108,830</u>	<u>1,943,575</u>	<u>2,017,397</u>
TOTAL EXPENDITURE	6	<u>77,408</u>	<u>1,757,337</u>	<u>108,830</u>	<u>1,943,575</u>	<u>2,017,397</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	15	26,115 (4,130)	(64,000) -	(99,893) 4,130	(137,778) -	(114,870) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		21,985	(64,000)	(95,763)	(137,778)	(114,870)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	478,000	-	478,000	(345,000)
NET MOVEMENT IN FUNDS		<u>21,985</u>	<u>414,000</u>	<u>(95,763)</u>	<u>340,222</u>	<u>(459,870)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		61,234	(846,000)	2,164,860	1,380,094	1,839,964
TOTAL FUNDS CARRIED FORWARD		<u><u>83,219</u></u>	<u><u>(432,000)</u></u>	<u><u>2,069,097</u></u>	<u><u>1,720,316</u></u>	<u><u>1,380,094</u></u>

SUMMERCROFT PRIMARY SCHOOL

**(A Company Limited by Guarantee)
REGISTERED NUMBER: 07715667**

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		2,069,097		2,162,912
CURRENT ASSETS					
Debtors	13	47,655		36,528	
Cash at bank and in hand		193,571		212,496	
			<u>241,226</u>	<u>249,024</u>	
CREDITORS: amounts falling due within one year	14	(158,007)		(185,842)	
NET CURRENT ASSETS			<u>83,219</u>		<u>63,182</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,152,316</u>		<u>2,226,094</u>
Defined benefit pension scheme liability	20		(432,000)		(846,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>1,720,316</u>		<u>1,380,094</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted fixed asset fund		2,069,097		2,164,860	
Pension reserve		(432,000)		(846,000)	
Total restricted income funds			<u>1,637,097</u>		<u>1,318,860</u>
Unrestricted income funds	15		<u>83,219</u>		<u>61,234</u>
TOTAL FUNDS			<u>1,720,316</u>		<u>1,380,094</u>

The financial statements on pages 18 to 36 were approved by the Trustees, and authorised for issue, on 7 December 2017 and are signed on their behalf, by:

Mr M Kirby
Chair of Trustees

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	17	(12,967)	38,105
		<hr/>	<hr/>
Returns on investments and servicing of finance - interest			
Dividends, interest and rents from investments		120	235
Purchase of tangible fixed assets		(6,078)	(7,100)
		<hr/>	<hr/>
Net cash used in investing activities		(5,958)	(6,865)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(18,925)	31,240
Cash and cash equivalents brought forward		212,496	181,256
		<hr/>	<hr/>
Cash and cash equivalents carried forward		193,571	212,496
		<hr/> <hr/>	<hr/> <hr/>

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The Academy Trust's functional and presentational currency is Pounds Sterling.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the DfE.

1.3 Company status

The Academy is a company limited by guarantee. All Members of the Academy are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member of the Academy. The Academy's registered office is Summercroft Primary School, Plaw Hatch Close, Bishop's Stortford, CM23 5BJ.

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.7 Tangible fixed assets and depreciation

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

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

Leasehold property	-	22 years straight line
Leasehold land	-	125 years straight line
Fixtures and fittings	-	10-15 years straight line
Computer equipment	-	3-10 years straight line

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

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.14 Pensions

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

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

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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

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

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	46,303	-	46,303	50,301
Capital grants	-	8,937	8,937	32,478
	<u>46,303</u>	<u>8,937</u>	<u>55,240</u>	<u>82,779</u>
<i>Total 2016</i>	<u>50,301</u>	<u>32,478</u>	<u>82,779</u>	

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,403,506	1,403,506	1,446,859
Other DfE / ESFA grants	-	126,295	126,295	234,481
	<u>-</u>	<u>1,529,801</u>	<u>1,529,801</u>	<u>1,681,340</u>
Other government grants				
Local Authority grants	-	87,679	87,679	15,918
	<u>-</u>	<u>87,679</u>	<u>87,679</u>	<u>15,918</u>
Other funding				
Catering income	60,407	-	60,407	61,993
	<u>60,407</u>	<u>-</u>	<u>60,407</u>	<u>61,993</u>
	<u>60,407</u>	<u>1,617,480</u>	<u>1,677,887</u>	<u>1,759,251</u>
<i>Total 2016</i>	<u>61,993</u>	<u>1,697,258</u>	<u>1,759,251</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	40,029	7,561	47,590	38,195
Other income	2,967	21,993	24,960	22,067
	<u>42,996</u>	<u>29,554</u>	<u>72,550</u>	<u>60,262</u>
<i>Total 2016</i>	<u>33,108</u>	<u>27,154</u>	<u>60,262</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	120	120	235
	<u>120</u>	<u>120</u>	<u>235</u>
<i>Total 2016</i>	<u>235</u>	<u>235</u>	

SUMMERCROFT PRIMARY SCHOOL

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Provision of education:					
Direct costs	1,253,528	-	111,223	1,364,751	1,382,111
Support costs	140,342	223,175	215,307	578,824	635,286
	<u>1,393,870</u>	<u>223,175</u>	<u>326,530</u>	<u>1,943,575</u>	<u>2,017,397</u>
<i>Total 2016</i>	<u>1,396,433</u>	<u>242,416</u>	<u>378,548</u>	<u>2,017,397</u>	

7. CHARITABLE ACTIVITIES

	2017 £	2016 £
Direct costs	1,364,751	1,382,111
Support costs	578,824	635,286
	<u>1,943,575</u>	<u>2,017,397</u>

Analysis of support costs	2017 £	2016 £
Staff costs	140,342	147,773
Depreciation	99,893	100,013
Technology costs	43,064	50,423
Premises costs (excluding depreciation)	123,282	142,403
Other costs	164,043	186,673
Governance costs	8,200	8,000
	<u>578,824</u>	<u>635,285</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned or leased by the Academy	99,893	100,013
Auditors' remuneration - audit	4,000	4,000
Auditors' remuneration - other services	4,200	4,200
	<u>108,093</u>	<u>212,213</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,064,841	1,107,333
Social security costs	86,445	75,748
Operating costs of defined benefit pension schemes	242,584	212,993
	<u>1,393,870</u>	<u>1,396,074</u>
Supply teacher costs	-	359
	<u>1,393,870</u>	<u>1,396,433</u>

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

	2017 No.	2016 No.
Teachers	15	15
Administration and support	19	22
Management	3	3
	<u>37</u>	<u>40</u>

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	1	1

The key management personnel of the Academy comprise the Governors and the Key Management as listed in the Trustees Report on Page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £299,744 (2016: £275,579).

Included in the above are employer National Insurance contributions of £25,695 (2016: £20,548) and employer Pension contributions of £38,927 (2016: £36,777).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

10. TRUSTEES' REMUNERATION AND EXPENSES

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

Mrs C Hinstridge

Remuneration £65,000-£70,000 (2016: £60,000-£65,000)

Employer's Pension contribution £10,000-£15,000 (2016: £10,000-£15,000)

Mr S Jess

Remuneration £50,000-£55,000 (2016: £50,000-£55,000)

Employer's Pension contribution £5,000-£10,000 (2016: 5,000-£10,000)

Mrs A Burns

Remuneration £10,000-£15,000 (2016: £15,000-£20,000)

Employer's Pension contribution £0-£5,000 (2016: £0-£5,000)

Mrs J Anderson

Remuneration £15,000-£20,000 (2016: £15,000 - £20,000)

Employer's Pension contribution £0-£5,000 (2016: £0-£5,000)

Mrs K Davey

Remuneration £35,000-£40,000 (2016: Nil)

Employer's Pension contribution £5000-£10,000 (2016: Nil)

During the period ended 31 August 2017, travel and subsistence expenses totalling £26 (2016: £305) were reimbursed or paid directly to 1 trustees (2016: 4).

Other related party transactions involving the Trustees are set out in note 23.

11. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

12. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2016	2,563,555	53,893	44,641	2,662,089
Additions	-	-	6,078	6,078
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	2,563,555	53,893	50,719	2,668,167
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2016	453,784	22,295	23,098	499,177
Charge for the year	90,572	5,339	3,982	99,893
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	544,356	27,634	27,080	599,070
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2017	2,019,199	26,259	23,639	2,069,097
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2016	2,109,771	31,598	21,543	2,162,912
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13. DEBTORS

	2017 £	2016 £
Trade debtors	5,274	3,587
VAT recoverable	15,003	12,537
Other debtors	16,793	11,572
Prepayments and accrued income	10,585	8,832
	<hr/>	<hr/>
	47,655	36,528
	<hr/> <hr/>	<hr/> <hr/>

14. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	17,376	45,562
Other creditors	106,258	98,856
Accruals and deferred income	34,373	41,424
	<hr/>	<hr/>
	158,007	185,842
	<hr/> <hr/>	<hr/> <hr/>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	41,424	80,711
Resources deferred during the year	34,373	41,424
Amounts released from previous years	(41,424)	(80,711)
	<hr/>	<hr/>
Deferred income at 31 August 2017	34,373	41,424
	<hr/> <hr/>	<hr/> <hr/>

Resources deferred at the period end relate to contributions towards Universal Free School Meals.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. STATEMENT OF FUNDS

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	61,234	103,523	(77,408)	(4,130)	-	83,219

Restricted funds

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	-	1,403,506	(1,403,506)	-	-	-
Other DfE/ESFA grants	-	59,304	(59,304)	-	-	-
Restricted trip donations	-	40,175	(40,175)	-	-	-
Restricted other	-	35,682	(35,682)	-	-	-
Pupil premium	-	53,558	(53,558)	-	-	-
Other Government grants	-	101,112	(101,112)	-	-	-
Pension reserve	(846,000)	-	(64,000)	-	478,000	(432,000)
	<u>(846,000)</u>	<u>1,693,337</u>	<u>(1,757,337)</u>	<u>-</u>	<u>478,000</u>	<u>(432,000)</u>

Restricted fixed asset funds

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Restricted fixed asset fund	2,162,912	-	(99,893)	6,078	-	2,069,097
DFC	1,948	8,937	(8,937)	(1,948)	-	-
	<u>2,164,860</u>	<u>8,937</u>	<u>(108,830)</u>	<u>4,130</u>	<u>-</u>	<u>2,069,097</u>
Total restricted funds	<u>1,318,860</u>	<u>1,702,274</u>	<u>(1,866,167)</u>	<u>4,130</u>	<u>478,000</u>	<u>1,637,097</u>
Total of funds	<u><u>1,380,094</u></u>	<u><u>1,805,797</u></u>	<u><u>(1,943,575)</u></u>	<u><u>-</u></u>	<u><u>478,000</u></u>	<u><u>1,720,316</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted funds	55,139	95,336	(89,241)	-	-	61,234
	<u>55,139</u>	<u>95,336</u>	<u>(89,241)</u>	<u>-</u>	<u>-</u>	<u>61,234</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. STATEMENT OF FUNDS (continued)

Restricted funds

	Balance at 1 September 2015 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
General Annual Grant (GAG)	-	1,613,800	(1,613,800)	-	-	-
Restricted trip donations	-	34,443	(34,443)	-	-	-
Restricted other	-	43,012	(43,012)	-	-	-
Pupil premium	-	53,500	(53,500)	-	-	-
Other Government grants	-	29,958	(29,958)	-	-	-
Pension reserve	(471,000)	-	(30,000)	-	(345,000)	(846,000)
	<u>(471,000)</u>	<u>1,774,713</u>	<u>(1,804,713)</u>	<u>-</u>	<u>(345,000)</u>	<u>(846,000)</u>

Restricted fixed asset funds

	Balance at 1 September 2015 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
Restricted fixed asset fund	2,255,825	-	(100,013)	7,100	-	2,162,912
DFC	-	9,048	-	(7,100)	-	1,948
CIF	-	23,430	(23,430)	-	-	-
	<u>2,255,825</u>	<u>32,478</u>	<u>(123,443)</u>	<u>-</u>	<u>-</u>	<u>2,164,860</u>
Total restricted funds	<u>1,784,825</u>	<u>1,807,191</u>	<u>(1,928,156)</u>	<u>-</u>	<u>(345,000)</u>	<u>1,318,860</u>
Total of funds	<u>1,839,964</u>	<u>1,902,527</u>	<u>(2,017,397)</u>	<u>-</u>	<u>(345,000)</u>	<u>1,380,094</u>

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Restricted Trip Donations

This represents contributions made by parents to the running of educational visits for the pupils of the School and the associated costs of running the visits.

Pupil premium

This represents funding used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Restricted donations

This represents funds received from various bodies for the provision of a specific purpose, with the Academy's charitable objectives.

Other DfE/ESFA grants

This represents funds received from the ESFA which is not GAG funding.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. STATEMENT OF FUNDS (continued)

Other Government grants

This represents funds received from the Local Authority for the provision of specific services associated with the furtherance of the Academy Trust's charitable objectives.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the academy on conversion from a State Maintained School.

Restricted fixed asset funds

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose. The transfer in of £6,078 represents the costs of assets acquired in the year which have been funded by unrestricted funding

Devolved Formula Capital (DFC)

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	2,069,097	2,069,097
Current assets	83,219	158,007	-	241,226
Creditors due within one year	-	(158,007)	-	(158,007)
Provisions for liabilities and charges	-	(432,000)	-	(432,000)
	<u>83,219</u>	<u>(432,000)</u>	<u>2,069,097</u>	<u>1,720,316</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	2,162,912	2,162,912
Current assets	61,234	185,842	1,948	249,024
Creditors due within one year	-	(185,842)	-	(185,842)
Provisions for liabilities and charges	-	(846,000)	-	(846,000)
	<u>61,234</u>	<u>(846,000)</u>	<u>2,164,860</u>	<u>1,380,094</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(137,778)	(114,870)
Adjustment for:		
Depreciation charges	99,893	100,013
Losses on investments	(120)	(235)
Increase in debtors	(11,127)	(12,476)
(Decrease)/increase in creditors	(27,835)	35,673
Pension adjustment	64,000	30,000
Net cash (used in)/provided by operating activities	(12,967)	38,105

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	193,571	212,496
Total	193,571	212,496

19. MEMBERS' LIABILITY

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

20. PENSION COMMITMENTS

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

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

Contributions amounting to £23,494 were payable to the schemes at 31 August 2017 (2016 - 23,178) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (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; and
- 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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £107,930 (2016 - £105,697).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £107,000 (2016 - £115,000), of which employer's contributions totalled £87,000 (2016 - £94,000) and employees' contributions totalled £20,000 (2016 - £21,000). The agreed contribution rates for future years are 16.8% for employers and 6.6% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

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

	2017	2016
Retiring today		
Males	22.5	22.3
Females	24.9	24.5
Retiring in 20 years		
Males	24.1	24.3
Females	26.7	26.7

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	1,673,358	1,910,034
Discount rate -0.1%	1,748,642	1,995,966
Mortality assumption - 1 year increase	1,690,468	1,941,282
Mortality assumption - 1 year decrease	1,731,532	1,964,718
CPI rate +0.1%	1,741,798	1,980,342
CPI rate -0.1%	1,680,202	1,925,658

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	831,350	697,410
Bonds	319,750	309,960
Property	89,530	77,490
Cash and other liquid assets	38,370	22,140
Total market value of assets	<u><u>1,279,000</u></u>	<u><u>1,107,000</u></u>

The actual return on scheme assets was £88,000 (2016 - £114,000).

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

	2017 £	2016 £
Current service cost	(134,000)	(107,000)
Interest income	23,000	34,000
Interest cost	(40,000)	(51,000)
Total	<u><u>(151,000)</u></u>	<u><u>(124,000)</u></u>

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

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

	2017 £	2016 £
Opening defined benefit obligation	1,953,000	1,331,000
Current service cost	134,000	107,000
Interest cost	40,000	51,000
Employee contributions	20,000	21,000
Actuarial (gains)/losses	(413,000)	455,000
Benefits paid	(23,000)	(12,000)
	<hr/>	<hr/>
Closing defined benefit obligation	1,711,000	1,953,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,107,000	860,000
Interest income	23,000	34,000
Actuarial losses	65,000	110,000
Employer contributions	87,000	94,000
Employee contributions	20,000	21,000
Benefits paid	(23,000)	(12,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	1,279,000	1,107,000
	<hr/> <hr/>	<hr/> <hr/>

21. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	13,367	773
Between 1 and 5 years	54,890	40,148
	<hr/>	<hr/>
Total	68,257	40,921
	<hr/> <hr/>	<hr/> <hr/>

22. RELATED PARTY TRANSACTIONS

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