

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017



MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

Z Read
L Goldborne
C McMillan (resigned 13 July 2017)
C Purkis (resigned 24 May 2017)
Bournemouth Septenary Trust
A Crossland (appointed 1 November 2016)
V Ladbroke (appointed 1 September 2016)

Trustees

T Farwell, Chair of Trustees
M Wyatt, Head Teacher
Z Read
L Goldborne
C McMillan (resigned 13 July 2017)
C Purkis (resigned 24 May 2017)
L Andrews
E Owens (resigned 24 May 2017)
D Pollard (resigned 20 September 2017)
A Crossland (appointed 1 November 2016)
V Ladbroke (appointed 1 September 2016)
C Lovell (appointed 1 September 2016)

Company registered number 09872386

Company name Muscliff Primary School

Principal and registered office Broadway Lane
Throop
Bournemouth
Dorset
BH8 0AB

Accounting officer M Wyatt

Senior management team

M Wyatt, Head Teacher
E Huns, Deputy Head Teacher
S Fenby, Deputy Headteacher
S Harrison, Assistant Head Teacher
L Andrews, Assistant Head Teacher
L Small, SEN Coordinator
D Constant, School Business Manager

Independent auditors Griffin
Chartered Accountants
165 High Street
Honiton
Devon
EX14 1LQ

MUSCLIFF PRIMARY SCHOOL
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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 the charitable company for the 1 September 2016 to 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 for pupils aged 4 to 11 serving a catchment area in Dorset. It has a pupil capacity of 630 and had a roll of 625 in the school census on 9th October 2017.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association are the primary governing document of the academy trust.

The Trustees of Muscliff Primary School are also the directors of the charitable company for the purpose of company law.

The Academy Trust is known as Muscliff Primary School and is part of the umbrella of Bournemouth Septenary Trust.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

b. MEMBERS' LIABILITY

In accordance with normal commercial practice the trust has insurance in place to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The limit of this indemnity is £10,000,000 and this cover is provided as part of the Risk Protection Arrangement offered by the Education Funding Agency.

c. TRUSTEES' INDEMNITIES

In accordance with normal commercial practice the trust has insurance in place to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The limit of this indemnity is £10,000,000 and this cover is provided as part of the Risk Protection Arrangement offered by the Education Funding Agency.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

Article 45 of the Articles of Association state that the number of trustees shall not be less than three but shall not be subject to a maximum.

Subject to Articles 48-49 and 53, the Academy Trust shall have the following Trustees:
up to six Trustees, appointed under Article 50; and a minimum of three Parent Trustees

The Academy Trust may also have any Co-opted Trustee appointed under Article 58.

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

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Trustees includes a tour of the Academy and a chance to meet staff and pupils. Trustees are made aware of training courses and conferences by the clerk to the governors and via Bournemouth CPD. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake in their role as a Trustee. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

f. ORGANISATIONAL STRUCTURE

The Academy has a leadership structure which consists of the governors, The Senior Leadership Team and The Wider Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Head Teacher is the Accounting Officer.

The Governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data and making major decisions about the direction of the Academy and capital expenditure.

The SLT consists of the Head Teacher, Deputy Head Teachers, Assistant Head Teachers and the School Business Manager. The SLT control the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Head Teacher, the School Business Manager, and Finance Committee are responsible for the authorisation of spending within agreed budgets. The Head Teacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a governor.

Arrangements for setting pay and remuneration of key management personnel
The Finance committee, known as the Resources Management Committee, makes decisions on pay awards for all staff within the academy. Teaching staff are currently in line with the national terms and conditions of pay as provided by the Department of Education. Support staff are also currently paid in line with national guidelines.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Finance committee, known as the Resources Management Committee, makes decisions on pay awards for all staff within the academy. Teaching staff are currently in line with the national terms and conditions of pay as provided by the Department of Education. Support staff are also currently paid in line with national guidelines.

h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

There are no related parties or sponsors which control Muscliff Primary School. However, the Academy is part of an umbrella trust and as such abides by the articles laid out by the Bournemouth Septenary Trust and is accountable to the Board of the Bournemouth Septenary Trust. The Academy works closely with other members of the Umbrella Trust to share good practice and raise standards. There is a separate parent teacher association, Muscliff Parent Association (charity no. 1074246), which from time to time contribute to the operations of the school.

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

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the charitable company is the operation of Muscliff Primary School to provide education and care for pupils of different abilities between the ages of 4 and 11.

In accordance with the Articles of Association the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things: that the school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum); that it provides education for pupils of different abilities; and that it provides education for pupils who are wholly or mainly drawn from the area in which the school is situated.

The Aims of the Academy during the year ended 31st August 2017 are summarised below:

At Muscliff Primary School we aim to maximise the progress of all of our children so that they become positive, caring, competent citizens and lifelong learners.

In order to achieve this:

We place achievement within the reach of all children but, sometimes, we ask them to stand on tiptoe to get there.

We recognise parents as the first educators of their children and we affirm the importance of staff, parents, governors and the local community working in partnership to support the children's learning.

We value work and develop a working atmosphere enabling children and adults to apply themselves to all tasks they engage in with self-confidence and independence.

We nurture enthusiasm to learn and actively encourage fun, originality, imagination and a desire for knowledge.

We interact in a caring way, irrespective of age, gender or other divisions encouraging our children to be rights respecting ambassadors.

We all learn to appreciate human achievements and aspirations where healthy competition is balanced by mutual support and respect.

We all seek to understand the world in which we live and to cherish and care for our environment, respecting and protecting the rights of others and meeting our responsibilities as global citizens.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Key priorities for the year are contained in our School Improvement Plan which is available from the School Office. Improvement foci identified for this year include:

Key Priority 1: Raising attainment and pupil progress

- To improve pupil outcomes and progress in all year groups, ensuring these are at least in line with national by the end of EYFS, KS1 and KS2 (EXS and GD)
- Ensure all children in all year groups make consistently strong progress, developing secure knowledge and understanding considering their different starting points.
- Ensure the development of high quality teaching of reading across the school, working with year teams/targeted CPD
- Ensure progress accelerated in reading for those children not making expected progress from their starting point.
- Ensure high quality teaching and consistency in approach to reading and maths
- MNP implemented across the school.

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

Key Priority 2: Leadership and Management

- Develop leadership capacity across the school through middle leaders
- Ensure governors have the information necessary to demonstrate strategic direction and capacity to further improve the school
- Use coaching and mentoring to support leadership and management development.

Key Priority 3: Teaching, Learning and Assessment

- Develop year group triads to work together to observe, coach and mentor practice
- Develop mastery and greater depth pedagogy across the school
- Utilise the strengths and skills of all staff to lead and develop others
- Continue to provide support for teachers in the early stages of their careers.

Key Priority 4: Personal Development, Behaviour and Safety

- To ensure a whole school approach to developing high expectations in all areas of personal development, behaviour and safety
- To implement Growth Mindset across the school.

c. PUBLIC BENEFIT

The trustees confirm that they have complied with the duty in section (5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

Strategic report

Achievements and performance

Unvalidated SATs Results for Year 2:

Reading 66%
Writing 64%
Maths 80%
RWM 61%

Unvalidated SATs Results for Year 6:

Progress element of the 2017 above floor standard
Reading -2.6
Writing -0.5
Maths -1.7

Reading 60% meeting ARE
Writing 77% meeting ARE
Maths 72% meeting ARE
RWM 58% meeting ARE
Strengths: Improving picture on outcomes from 2016.

a. KEY PERFORMANCE INDICATORS

Staffing Ratio: The cost of staffing salaries as a portion of the total income (excluding capital) of the Academy is 84%
Total capital expenditure was £103,34.
We have been able to carry forward a GAG surplus of £142,558 which is within the 12% restriction imposed by the ESFA.

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

b. GOING CONCERN

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

Financial review

Most of the academy's income is obtained from the Department for Education (DfE) via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset fund balance is reduced by annual depreciation charges over the useful economic life of the assets concerned, as defined in the academy's accounting policies.

During the 12 months to 31 August 2017, the academy received total revenue income of £2,133,687 and incurred total expenditure of £2,165,593. As at 31 August the funds brought forward were £39,457 unrestricted funds, and £251 of unspent start up grant. The funds carried forward as unspent were £93,195 of unrestricted funds and £49,363 of unspent GAG. Therefore, there was a surplus in the year of £102,850.

The academy has a deficit in the Local Government Pension Scheme in respect of its non teaching staff. The deficit is incorporated within the statement of Financial Activity with details in Note 20.

Key financial policies adopted in the year include the Financial Procedures and Scheme of Delegation, which sets out the framework for financial management, including financial responsibilities of the board, headteacher, senior leadership team and other staff, as well as delegated authority for spending. Other policies reviewed and updated where necessary included the reserves policy.

a. RESERVES POLICY

It is the Trust's view that there should be reserves to support Muscliff to achieve their outcomes for today's children and not hold reserves unnecessarily. The governors review the reserve levels of the Academy annually. The governors require Muscliff to work towards a reserve of one months' staffing cost. This, they believe, will give the school a working capital buffer and the ability to make decisions that meet the outcomes for the pupils both in the short term and longer term. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £70,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or to maintain staffing levels in the event of a reduction in funding. The Academy current levels of reserves (total funds less the amount held in fixed assets and restricted funds) is £142,558.

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

b. MATERIAL INVESTMENTS POLICY

Trustees are committed to ensuring that all funds under their control are managed in such a way to maximise return whilst minimising risk. Day-to-day management of any surplus funds is delegated to the Head Teacher within guidelines approved by the board.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Governors have considered the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in operational areas (e.g. in relation to teaching, health & safety, SEND and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover.

The major risks are:

- The need to ensure staffing levels remain at an acceptable level within school budget
- Numbers of children needing high levels of support 11 children with EHCP and 6 children awaiting EHCP
- Impact of an uncontrollable event, e.g. fire or flood.

Plans for future periods

a. FUTURE DEVELOPMENTS

The aims and objectives for the year are contained in our School Improvement Plan which is available from the School Office. The school is pro-active in exploring opportunities to become part of a MAT and is looking at a variety of options with the intent of moving forward this academic year. Trustees fully support and promote the school becoming part of a MAT and are keen to ensure that the school joins the MAT that is most appropriate to meeting the needs and ethos of the school.

FUNDS HELD AS CUSTODIAN

No funds are held as custodian on behalf of others.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

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

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 22/11/17 and signed on its behalf by:



T Farwell
Chair of Trustees

MUSCLIFF PRIMARY SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Muscliff 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 Muscliff 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 4 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
T Farwell, Chair of Trustees	6	6
M Wyatt, Head Teacher	6	6
Z Read	5	6
L Goldborne	6	6
C McMillan	3	6
C Purkis	4	5
L Andrews	4	6
E Owens	1	3
D Pollard	2	6
A Crossland	4	4
V Ladbroke	4	4
C Lovell	5	5

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to exercise statutory duties and powers delegated by the full Governing Body as follows:

- To monitor spending, ensuring that expenditure remain within the prescribed limits.
- To receive and, where appropriate, respond to any audit reports from the Council's Head of Financial Service
- To ensure the financial administration of the school conforms to any relevant Bournemouth Borough Council regulations and with due regard to probity.
- To ensure that relevant financial returns are produced for the LA, DfES and Secretary of State as and when required.
- Review quotations on behalf of the Governing Body according to agreed procedures.
- To arrange adequate insurance cover and make arrangements for the proper safeguarding of the school's assets.

To advise the full Governing Body on the exercise of statutory duties and powers not delegated, as follows:

- To consider the schools delegated budget and other income and to prepare budget Proposals for the Governing Body to consider annually
- To consider unplanned excess expenditure and make recommendations to the Governing Body.
- To consider arrangements for charges and remissions to be made for school activities and recommend policy to the Governing Body.

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GOVERNANCE STATEMENT (continued)

- To recommend the level of delegated responsibility to the Head for day to day financial management of the school.
- To provide guidance, support and assistance to the Head teacher and Governing Body on all matters of finance and budgeting.
- To consider and report to the Governing Body on the financial aspects of the school Improvement Plan.
- To receive and report to the Governing Body on the activities of any unofficial fund.
- To review the cost implications of the school lettings policy and advise of the charges.
- To receive audit reports on the official and unofficial funds and make appropriate recommendations to the Governing Body.
- To authorise payments in excess of the Headteachers authority for the day-to-day management of the school.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
T Farwell	6	6
M Wyatt	6	6
C McMillan	6	6
C Purkis	3	5

The key changes in the composition of the board are that two directors have resigned, Cat McMillan and Chris Purkis, and we have taken on a new director, Anne Crossland. The loss of these two very good Governors were particular changes, one of whom was a Committee Chair.

At a strategic level, monitoring, supporting and raising standards for the school ensures the best possible outcomes are achieved for the pupils.

Two highly skilled directors have been appointed to the role of Training and Development for directors. In September 2016, the board held an in depth self-review with each director completing a comprehensive skills and abilities matrix outlining strengths and weaknesses with areas of competence and areas for development. From this the whole GB had an in-depth meeting where we went through the School development plan in detail so all directors had a full and comprehensive awareness as to where the school was in terms of outcomes and the journey forward for progress.

Directors were allocated to specific roles (safeguarding, SEN etc) and also linked to Year groups so that each year group could be monitored by a specific director at regular intervals in depth against their Raising Attainment Plan and see how this fits into the overall SDP. This has led to all directors discussing targets and progress with year groups throughout the school. This information and subsequent reports has also been shared with all directors and SLT.

Assessment of this process in GB meetings has led to directors saying that they have more confidence and knowledge as they now have a greater understanding of the written evidence and data which informs an understanding of the current position and how the school is working to improve standards. This has had a positive impact on governance and has further increased the board's effectiveness in holding the school to account. The next review will take place in the Autumn Term 2017.

Data about the school is taken from Raise on Line, the Local Authority, BST reports, Inspection Dashboard, in school data reports, finance reports and copies of management accounts from PS Financials, premises reports, Head Teachers Reports, Parent Questionnaires and pupil conferences.

The Board finds this data acceptable from these sources in that it either comes directly produced from Government or Local Authority sources. Data that comes direct from the school is triangulated so that it is validated through cross checking against other sources so that it can be verified.

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GOVERNANCE STATEMENT (continued)

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:

The School Business Managers of the schools under the Septenary Trust umbrella continue to meet once a month to discuss agenda items that include economies of scale and obtain best value as either part of a group or through the sharing of best practice.

The school employs an outside agency for the cleaning of the premises and has kept the annual cost of this at the same level for four consecutive years, £33,332.52. Every year the school goes out to tender and the quotes provided are usually far higher than the existing arrangement. In addition the School Business Manager has managed to negotiate that window cleaning for the whole school, once a term be included in the price. This amounts to a saving of over £600pa. The weekly hygiene bin collection is also included in the contract which was previously contracted out at a cost of £350pa.

The school employs a Site Manager and a Caretaker. The Caretaker role was offered with hours including lock up in the evening. The school has lettings every evening, some finishing later than 9pm and so by including lock up in the contract there was no need to employ a lettings agent saving on average £13 per night which equates to £3,250pa. The Site Manager and Caretaker have also undertaken plumbing courses enabling basic repairs to be carried out in house and thereby avoiding plumbers fees. Both now also carry out decorating internally and externally saving on average £10k pa.

The school's phone system had been hacked into twice in 2016 resulting in a loss of £742. As our kit was quite old and the ISDN lines we had in place were being phased out and replaced with SIP trunks, we decided to look at alternative suppliers. We had three local providers come in to carry out an audit and provide a quote for a new sustainable system. A full analysis of the tenders was provided to the school governors with a recommended provider. Savings of £732pa, although an initial £3,000 was paid for the equipment, were made in addition to some technical advantages and a system that would prevent 'hackers' from breaking into the system again.

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 Muscliff 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.

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Griffin, the external auditors, to perform additional checks.

The auditors' 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:

- Purchases and cash payments
- Payroll
- Income and cash receipts
- Fixed assets- acquisition and disposal
- Financial budgeting and monitoring
- Regularity
- Governance
- Risk management

On a semi-annual basis, the auditors report 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 internal auditor delivered their schedule of work as intended and a plan is in place to address weaknesses and ensure continuous improvement.

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 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.

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GOVERNANCE STATEMENT (continued)

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 General Purposes 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 22/11/17 and signed on their behalf, by:



T Farwell
Chair of Trustees



M Wyatt
Accounting Officer


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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Muscliff Primary School I have considered my responsibility to notify the academy trust 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 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 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.



M Wyatt
Accounting Officer

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

The Trustees (who act as governors of Muscliff 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on **22/11/17** and signed on its behalf by:



T Farwell
Chair of Trustees

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

OPINION

We have audited the financial statements of Muscliff Primary School 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 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 its 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, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the 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.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

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.

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 including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations 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 Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

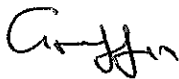
**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MUSCLIFF PRIMARY SCHOOL**

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's 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. The description forms part of our Auditor's report.



Misty Nickells FCA (Senior statutory auditor)

for and on behalf of

Griffin

Chartered Accountants
Statutory Auditor

165 High Street
Honiton
Devon

EX14 1LQ

Date: 23 November 2017

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 17 November 2015 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 Muscliff 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 Muscliff 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 Muscliff 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 Muscliff Primary School and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Muscliff Primary School's funding agreement with the Secretary of State for Education dated 1 December 2015, 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.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MUSCLIFF
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.



Misty Nickells FCA

Griffin

Chartered Accountants
Statutory Auditor

165 High Street
Honiton
Devon
EX14 1LQ

Date: 23 November 2017

MUSCLIFF 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 & capital grants:						
Transfer from local authority on conversion	2	-	-	-	-	6,932,997
Other donations and capital grants	2	28,866	-	10,334	39,200	44,987
Charitable activities	3	4,225	2,133,687	-	2,137,912	1,528,124
Other trading activities	4	88,961	-	-	88,961	59,955
Investments	5	176	-	-	176	146
TOTAL INCOME		122,228	2,133,687	10,334	2,266,249	8,566,209
EXPENDITURE ON:						
Raising funds		65,235	-	-	65,235	57,401
Charitable activities		3,255	2,267,103	144,287	2,414,645	1,799,537
TOTAL EXPENDITURE	6	68,490	2,267,103	144,287	2,479,880	1,856,938
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		53,738	(133,416)	(133,953)	(213,631)	6,709,271
Transfers between Funds	16	-	12,528	(12,528)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		53,738	(120,888)	(146,481)	(213,631)	6,709,271
Actuarial gains/(losses) on defined benefit pension schemes	20	-	145,000	-	145,000	(536,000)
NET MOVEMENT IN FUNDS		53,738	24,112	(146,481)	(68,631)	6,173,271
RECONCILIATION OF FUNDS:						
Total funds brought forward		39,457	(1,361,749)	7,495,563	6,173,271	-
TOTAL FUNDS CARRIED FORWARD		93,195	(1,337,637)	7,349,082	6,104,640	6,173,271

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 09872386

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		7,349,082		7,491,894
CURRENT ASSETS					
Debtors	14	36,855		38,756	
Cash at bank and in hand		261,705		253,177	
		<u>298,560</u>		<u>291,933</u>	
CREDITORS: amounts falling due within one year	15	(156,002)		(248,556)	
NET CURRENT ASSETS			<u>142,558</u>		<u>43,377</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,491,640</u>		<u>7,535,271</u>
Defined benefit pension scheme liability	20	(1,387,000)		(1,362,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>6,104,640</u></u>		<u><u>6,173,271</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	49,363		251	
Restricted fixed asset funds	16	7,349,082		7,495,563	
Restricted income funds excluding pension liability		<u>7,398,445</u>		<u>7,495,814</u>	
Pension reserve		<u>(1,387,000)</u>		<u>(1,362,000)</u>	
Total restricted income funds			<u>6,011,445</u>		<u>6,133,814</u>
Unrestricted income funds	16		<u>93,195</u>		<u>39,457</u>
TOTAL FUNDS			<u><u>6,104,640</u></u>		<u><u>6,173,271</u></u>

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



T Farwell
Chair of Trustees

MUSCLIFF 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	18	(507)	196,828
Cash flows from investing activities:			
Dividends, interest and rents from investments		176	146
Purchase of tangible fixed assets		(1,475)	(6,350)
Capital grants from DfE/ESFA		10,334	10,019
Net cash provided by investing activities		9,035	3,815
Transferred on conversion to an academy:			
Cash transferred on conversion		-	52,534
Net cash provided by financing activities		-	52,534
Change in cash and cash equivalents in the year		8,528	253,177
Cash and cash equivalents brought forward		253,177	-
Cash and cash equivalents carried forward	19	261,705	253,177

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 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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 Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

MUSCLIFF 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 Going concern

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

1.6 Tangible fixed assets and depreciation

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

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

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

Land	-	150 years straight line
Long-term leasehold property	-	50 years straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% 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.

1.7 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.

1.8 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.

MUSCLIFF 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 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.

1.10 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.

1.11 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 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.12 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.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (CONTINUED)

1.13 Pensions

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

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

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

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

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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

Critical areas of judgment:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer from local authority on conversion	-	-	-	-	6,932,997
Donations	28,866	-	-	28,866	34,968
Capital Grants	-	-	10,334	10,334	10,019
Subtotal	28,866	-	10,334	39,200	44,987
	28,866	-	10,334	39,200	6,977,984
<i>Total 2016</i>	<i>87,502</i>	<i>(749,000)</i>	<i>7,639,482</i>	<i>6,977,984</i>	

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	-	1,745,274	1,745,274	1,255,722
Start Up Grants	-	-	-	25,000
Other DfE/ESFA Grants	-	104,325	104,325	49,653
Pupil Premium	-	133,658	133,658	91,172
	-	1,983,257	1,983,257	1,421,547
Other government grants				
Higher Needs Funding	-	71,127	71,127	54,768
Local authority grants	-	79,303	79,303	51,809
	-	150,430	150,430	106,577
Other funding				
Other income from the academy trust's educational operations	4,225	-	4,225	-
	4,225	-	4,225	-
	4,225	2,133,687	2,137,912	1,528,124
<i>Total 2016</i>	<i>-</i>	<i>1,528,124</i>	<i>1,528,124</i>	

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	21,020	-	21,020	13,494
Other	67,941	-	67,941	46,461
	<u>88,961</u>	<u>-</u>	<u>88,961</u>	<u>59,955</u>
<i>Total 2016</i>	<u>59,955</u>	<u>-</u>	<u>59,955</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	176	-	176	146
	<u>146</u>	<u>-</u>	<u>146</u>	
<i>Total 2016</i>	<u>146</u>	<u>-</u>	<u>146</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	42,707	-	22,528	65,235	57,401
Education:					
Direct costs	1,526,561	109,413	88,602	1,724,576	1,291,946
Support costs	394,794	140,815	154,460	690,069	507,591
	<u>1,964,062</u>	<u>250,228</u>	<u>265,590</u>	<u>2,479,880</u>	<u>1,856,938</u>
<i>Total 2016</i>	<u>1,413,652</u>	<u>227,036</u>	<u>216,250</u>	<u>1,856,938</u>	

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

7. CHARITABLE ACTIVITIES

	Total funds 2017 £	<i>Total funds 2016 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,229,502	932,700
National insurance	99,092	60,664
Pension cost	192,006	145,585
Depreciation	120,820	115,999
Educational supplies	46,806	12,693
Other costs	18,670	13,860
Supply teachers	5,961	816
Recruitment and other staff costs	7,947	7,261
Technology costs	3,772	2,368
	<u>1,724,576</u>	<u>1,291,946</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	217,381	162,144
National insurance	8,854	5,641
Pension cost	168,559	76,580
Depreciation	23,467	27,920
Pension income	29,000	21,000
Other costs	3,563	238
Maintenance of premises and equipment	36,650	31,586
Cleaning	37,301	28,739
Rent and rates	29,039	16,931
Heat and light	16,574	19,116
Insurance	11,160	10,031
Security and transport	4,399	2,919
Catering	31,839	23,951
Technology costs	17,758	20,264
Office overheads	23,237	18,960
Legal and professional	28,033	31,315
Governance costs	3,255	10,256
	<u>690,069</u>	<u>507,591</u>
	<u><u>2,414,645</u></u>	<u><u>1,799,537</u></u>

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

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	<i>2016</i>
	£	<i>£</i>
Depreciation of tangible fixed assets:		
- owned by the charity	144,287	<i>143,919</i>
Auditors' remuneration - audit	2,850	<i>2,800</i>
Auditors' remuneration - other services	2,563	<i>2,400</i>
Operating lease rentals	13,200	<i>9,900</i>
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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	<i>2016</i>
	£	<i>£</i>
Wages and salaries	1,488,554	<i>1,123,797</i>
Social security costs	108,982	<i>66,874</i>
Operating costs of defined benefit pension schemes	360,565	<i>222,165</i>
	1,958,101	<i>1,412,836</i>
Supply teacher costs	5,961	<i>816</i>
	1,964,062	<i>1,413,652</i>

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

	2017	<i>2016</i>
	No.	<i>No.</i>
Teachers	28	<i>55</i>
Administration and support	64	<i>36</i>
Management	4	<i>7</i>
	96	<i>98</i>

Average headcount expressed as a full time equivalent:

	2017	<i>2016</i>
	No.	<i>No.</i>
Teachers	24	<i>23</i>
Administration and support	34	<i>17</i>
Management	3	<i>6</i>
	61	<i>46</i>

No employee received remuneration amounting to more than £60,000 in either year.

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 £314,987 (2016: £255,722).

The comparative figure for 2016 represents a short period of 9 months.

**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 trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
M Wyatt	Remuneration	55,000-60,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
L Andrews	Remuneration	45,000-50,000	30,000-35,000
	Pension contributions paid	0-5,000	5,000-10,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL to Trustees).

The comparative figures for 2016 represent a short period of 9 months.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the trust has insurance in place to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The limit of this indemnity is £10,000,000 and this cover is provided as part of the Risk Protection Arrangement offered by the Education Funding Agency.

12. OTHER FINANCE INCOME

	2017 £	2016 £
Interest income on pension scheme assets	18,000	19,000
Interest on pension scheme liabilities	(47,000)	(40,000)
	<u>(29,000)</u>	<u>(21,000)</u>

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

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2016	7,576,000	27,342	32,471	7,635,813
Additions	-	-	1,475	1,475
At 31 August 2017	<u>7,576,000</u>	<u>27,342</u>	<u>33,946</u>	<u>7,637,288</u>
Depreciation				
At 1 September 2016	130,664	2,981	10,274	143,919
Charge for the year	130,664	2,981	10,642	144,287
At 31 August 2017	<u>261,328</u>	<u>5,962</u>	<u>20,916</u>	<u>288,206</u>
Net book value				
At 31 August 2017	<u>7,314,672</u>	<u>21,380</u>	<u>13,030</u>	<u>7,349,082</u>
At 31 August 2016	<u>7,445,336</u>	<u>24,361</u>	<u>22,197</u>	<u>7,491,894</u>

14. DEBTORS

	2017 £	2016 £
Trade debtors	1,279	-
VAT recoverable	11,410	9,424
Other debtors	3,647	3,004
Prepayments and accrued income	20,519	26,328
	<u>36,855</u>	<u>38,756</u>

15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	33,022	28,639
Other taxation and social security	25,520	27,051
Other creditors	27,469	79,236
Accruals and deferred income	69,991	113,630
	<u>156,002</u>	<u>248,556</u>

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

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

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	108,830	-
Resources deferred during the year	65,141	108,830
Amounts released from previous years	(108,830)	-
Deferred income at 31 August 2017	<u>65,141</u>	<u>108,830</u>

At the balance sheet date the academy was holding funds received in advance of the 2017/18 financial year.

16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	39,457	122,228	(68,490)	-	-	93,195
Restricted funds						
General Annual Grant (GAG)	-	1,745,274	(1,708,439)	12,528	-	49,363
Pupil Premium	-	133,658	(133,658)	-	-	-
Higher Needs	-	71,127	(71,127)	-	-	-
Other DfE/EFA grants	-	104,325	(104,325)	-	-	-
Local Authority grants	-	79,303	(79,303)	-	-	-
Startup Grant	251	-	(251)	-	-	-
Pension reserve	(1,362,000)	-	(170,000)	-	145,000	(1,387,000)
	<u>(1,361,749)</u>	<u>2,133,687</u>	<u>(2,267,103)</u>	<u>12,528</u>	<u>145,000</u>	<u>(1,337,637)</u>
Restricted fixed asset funds						
Transfer on conversion	7,486,797	-	(142,665)	-	-	7,344,132
DfE/EFA capital grants	8,766	10,334	(1,253)	(14,003)	-	3,844
Transfer from GAG	-	-	(369)	1,475	-	1,106
	<u>7,495,563</u>	<u>10,334</u>	<u>(144,287)</u>	<u>(12,528)</u>	<u>-</u>	<u>7,349,082</u>
Total restricted funds	<u>6,133,814</u>	<u>2,144,021</u>	<u>(2,411,390)</u>	<u>-</u>	<u>145,000</u>	<u>6,011,445</u>
Total of funds	<u><u>6,173,271</u></u>	<u><u>2,266,249</u></u>	<u><u>(2,479,880)</u></u>	<u><u>-</u></u>	<u><u>145,000</u></u>	<u><u>6,104,640</u></u>

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

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 13 November 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	-	147,603	(108,146)	-	-	39,457
	-	147,603	(108,146)	-	-	39,457
Restricted funds						
General Annual Grant (GAG)	-	1,255,722	(1,255,722)	-	-	-
Pupil Premium	-	91,172	(91,172)	-	-	-
Higher Needs	-	54,768	(54,768)	-	-	-
Other DfE/ESFA	-	49,653	(49,653)	-	-	-
Local Authority grants	-	51,809	(51,809)	-	-	-
Startup Grant	-	25,000	(24,749)	-	-	251
Pension reserve	-	(749,000)	(77,000)	-	(536,000)	(1,362,000)
	-	779,124	(1,604,873)	-	(536,000)	(1,361,749)
Restricted fixed asset funds						
Transfer on conversion	-	7,629,463	(142,666)	-	-	7,486,797
DfE/EFA capital grants	-	10,019	(1,253)	-	-	8,766
	-	7,639,482	(143,919)	-	-	7,495,563
Total restricted funds	-	8,418,606	(1,748,792)	-	(536,000)	6,133,814
Total of funds	-	8,566,209	(1,856,938)	-	(536,000)	6,173,271

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

General Annual Grant (GAG)

Income from the ESFA which is to be used for the normal running costs of the academy, including education and support costs.

Pupil Premium

Funding received from the ESFA for children that qualify for free school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

Higher Needs funding

Income received from the Local Authority to fund further support for pupils with additional needs.

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

16. STATEMENT OF FUNDS (continued)

Other revenue grants include:

Universal Infant Free School Meals income provided by the ESFA to fund a free school meal to every pupil in reception and years 1 and 2.

Start Up Grant

Funding received from the ESFA for the costs associated with conversion to an academy.

Local authority grants

Growth Funding income received from the Local Authority, to support schools that provide additional school places in order to meet basic need within the authority.

Pension Reserve

The academy's share of the assets and liabilities in the Local Government Pension Scheme. This is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy.

Fixed assets transferred on conversion

This represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

DfE/ESFA capital grants

Devolved Formula Capital funding from the ESFA to cover the maintenance and purchase of the academy's assets.

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.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	7,349,082	7,349,082
Current assets	249,197	49,363	-	298,560
Creditors due within one year	(156,002)	-	-	(156,002)
Provisions for liabilities and charges	-	(1,387,000)	-	(1,387,000)
	<u>93,195</u>	<u>(1,337,637)</u>	<u>7,349,082</u>	<u>6,104,640</u>

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2016</i>	<i>2016</i>	<i>2016</i>	<i>2016</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Tangible fixed assets	-	-	7,491,894	7,491,894
Current assets	39,457	248,807	3,669	291,933
Creditors due within one year	-	(248,556)	-	(248,556)
Provisions for liabilities and charges	-	(1,362,000)	-	(1,362,000)
	<u>39,457</u>	<u>(1,361,749)</u>	<u>7,495,563</u>	<u>6,173,271</u>

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

	<i>2017</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(213,631)	6,709,271
Adjustment for:		
Depreciation charges	144,287	143,919
Dividends, interest and rents from investments	(176)	(146)
Decrease/(increase) in debtors	1,901	(38,756)
(Decrease)/increase in creditors	(92,554)	248,556
Capital grants from DfE and other capital income	(10,334)	(10,019)
Defined benefit pension scheme obligation inherited	-	749,000
Defined benefit pension scheme cost less contributions payable	141,000	56,000
Fixed assets transferred from local authority on conversion	-	(7,629,463)
Cash transferred on conversion	-	(52,534)
Defined benefit pension scheme finance cost	29,000	21,000
Net cash (used in)/provided by operating activities	<u>(507)</u>	<u>196,828</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	<i>2017</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
Cash in hand	261,705	253,177
Total	<u>261,705</u>	<u>253,177</u>

20. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset County Council. Both are Multi-employer defined benefit pension schemes.

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

20. PENSION COMMITMENTS (continued)

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

Contributions amounting to £27,310 were payable to the schemes at 31 August 2017 (2016 - £26,918) 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.

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
- 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 £178,896 (2016 - £89,127).

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.

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

20. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £146,000 (2016 - £110,000), of which employer's contributions totalled £111,000 (2016 - £83,000) and employees' contributions totalled £35,000 (2016 - £27,000). The agreed contribution rates for future years are 15.9% for employers and 5.5-6.8% 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	<i>2016</i>
Discount rate for scheme liabilities	2.60 %	<i>2.20 %</i>
Rate of increase in salaries	4.20 %	<i>3.80 %</i>
Rate of increase for pensions in payment / inflation	2.70 %	<i>2.30 %</i>
Inflation assumption (CPI)	2.70 %	<i>2.30 %</i>

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

	2017	<i>2016</i>
Retiring today		
Males	23.9	<i>22.9</i>
Females	26.0	<i>25.3</i>
Retiring in 20 years		
Males	26.2	<i>25.2</i>
Females	28.3	<i>27.7</i>

	At 31 August 2017 £	<i>At 31 August 2016 £</i>
Sensitivity analysis		
Discount rate +0.1%	(56,000)	<i>(52,000)</i>
Discount rate -0.1%	57,000	<i>53,000</i>
Mortality assumption - 1 year increase	77,000	<i>54,000</i>
Mortality assumption - 1 year decrease	(74,000)	<i>(53,000)</i>
CPI rate +0.1%	47,000	<i>43,000</i>
CPI rate -0.1%	(45,000)	<i>(42,000)</i>

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

20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	610,000	472,000
Gilts	136,000	83,000
Corporate bonds	116,000	96,000
Property	135,000	96,000
Cash and other liquid assets	27,000	8,000
Total market value of assets	<u>1,024,000</u>	<u>755,000</u>

The actual return on scheme assets was £117,000 (2016 - £61,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(251,000)	(139,000)
Past service cost	(1,000)	-
Interest income	18,000	19,000
Interest cost	(47,000)	(40,000)
Total	<u>(281,000)</u>	<u>(160,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	2,117,000	-
Upon conversion	-	1,383,000
Current service cost	251,000	139,000
Interest cost	47,000	40,000
Employee contributions	35,000	27,000
Actuarial (gains)/losses	(36,000)	578,000
Benefits paid	(3,000)	(50,000)
Closing defined benefit obligation	<u>2,411,000</u>	<u>2,117,000</u>

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

20. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	755,000	-
Upon conversion	-	634,000
Interest income	18,000	19,000
Actuarial losses	109,000	42,000
Employer contributions	111,000	83,000
Employee contributions	35,000	27,000
Benefits paid	(3,000)	(50,000)
Administration expenses	(1,000)	-
Closing fair value of scheme assets	<u>1,024,000</u>	<u>755,000</u>

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	13,200	13,200
Between 1 and 5 years	16,500	29,700
Total	<u>29,700</u>	<u>42,900</u>

22. MEMBERS' LIABILITY

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

23. RELATED PARTY TRANSACTIONS

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