

Registered number: 08270314 (England and Wales)

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**CONTENTS**

	Page
<b>Reference and administrative details</b>	1
<b>Trustees' report</b>	2 - 9
<b>Governance statement</b>	10 - 12
<b>Statement on regularity, propriety and compliance</b>	13
<b>Statement of Trustees' responsibilities</b>	14
<b>Independent auditors' report on the financial statements</b>	15 - 16
<b>Independent auditors' assurance report on regularity</b>	17 - 18
<b>Statement of financial activities incorporating income and expenditure account</b>	19
<b>Balance sheet</b>	20
<b>Statement of cash flows</b>	21
<b>Notes to the financial statements</b>	22 - 42

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

<b>Members</b>	The Diocese of Leicester Educational Trust G Brooks S Jones
<b>Trustees</b>	J Parkinson, Chair <sup>1</sup> H Phillips, Vice Chair <sup>1</sup> M Fisher, Headteacher (resigned 31 August 2016) <sup>1</sup> H Carter <sup>3</sup> S Plant V Elphick <sup>1</sup> G Brooks <sup>1</sup> S Jones A Timbrell T Aston Wright (resigned 1 October 2016) L Masters (resigned 27 September 2016) T Hogan (resigned 27 September 2016) <sup>1</sup> H Wileman S Newman (appointed 1 September 2016)
	<sup>1</sup> Finance & personnel committee <sup>3</sup> Safeguarding committee
<b>Company registered number</b>	08270314
<b>Company name</b>	Measham Church of England Primary School Academy Trust
<b>Principal and registered office</b>	Bosworth Road Measham Swadlincote Leicestershire DE12 7LG
<b>Company secretary</b>	T Kavanagh
<b>Senior management team</b>	M Fisher, Headteacher (resigned 31 August 2016) Sylvie Newman, Headteacher (appointed 1 September 2016) Hannah Carter, Deputy Headteacher
<b>Independent auditors</b>	Clear & Lane Limited Chartered Accountants 340 Melton Road Leicester LE4 7SL
<b>Bankers</b>	Lloyds Bank Plc 20 Belvoir Road Coalville Leicestershire LE67 3QH

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Measham. It has a pupil capacity of 245 and had a roll of 194 in the school census on 14 January 2016.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

- **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The charitable company was incorporated on 26 October 2012. The school converted to Academy status on 1 December 2012 when its operations, assets and liabilities were transferred to the Academy from the Local Authority.

The Governors act as the Trustees for the charitable activities of Measham CEPS Academy Trust Limited and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Measham CEPS.

Details of the Trustees who served throughout the year except as noted are included in the reference and administrative details on page 1.

- **Members' liability**

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

- **Trustees' indemnities**

In accordance with normal practice the school has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions whilst on school business. The cover under the policy is £3 million and in the year under review the sum of approximately £243 was paid.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

● **Method of recruitment and appointment or election of Trustees**

Trustees are appointed as follows:

Foundation Trustees	Through nomination and appointment by the Diocese
Parent Trustees	Through open election for all eligible parents or guardians of pupils who attend Measham CEPS
Staff Trustees	Through open election (where necessary) for all eligible members of staff working at Measham CEPS
Community Trustees	Through nomination by the board of Trustees of Measham CEPS. We would seek to appoint Trustees with relevant background experience to complement the existing Trustee qualifications

Foundation Trust Governors are appointed by the Leicester Diocese and these Governors are Revd Canon Vivien Elphick, Jim Parkinson and Helen Phillips.

Appointments for other vacancies are notified to Governor Development Services at County Hall and appointed as determined by the number of vacancies or through an open election should the need arise.

● **Policies and procedures adopted for the induction and training of Trustees**

We expect all Trustees to undertake training as appropriate to their work at the school. New Trustees will be provided with an induction programme delivered partly in house and partly through external sources as required. A log is kept of all Trustees training and is able for review with the Link Governor.

● **Organisational structure**

The Governors who are also the charity Trustees are responsible for the overall management and control of the school and normally meet 6 times a year.

The work of reviewing and monitoring most of their policies is delegated to members of the Finance & Personnel, Curriculum and the Health & Safety Committees. These meet at least once each term and work under the chairmanship of a Trustee appointed at the first committee meeting each calendar year. Terms of reference of these committees are agreed annually at this meeting. The Chair of Trustees is responsible for coordinating the work of the Trustees and their committees. The School Business Manager is responsible for the preparation of accounts.

All Trustees give their time freely and no remuneration and no expenses were paid in the year.

The Trustees determine the general policy of the school. The day to day running of the school is delegated to the Headteacher, supported by senior staff. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with senior staff. The day to day administration is undertaken within the policies and procedures approved by the Trustees which provide for only significant expenditure decisions and major capital projects to be referred to the Trustees for prior approval.

The Headteacher oversees the recruitment of all staff. The Headteacher is an ex officio Trustee, Principal Accounting Officer and attends all meetings.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

- **Pay policy for key management personnel**

Teacher pay recommendations for movement up the Pay Spine are put towards to the Pay Committee by the Headteacher who has initially reviewed the progress towards performance criteria agreed at last year's PMR.

The Pay Committee do not know who the individual staff as the details are anonymised.

The Headteachers pay recommendation is as a result of a Performance Management review with is carried out by trained Governors and the use of an external advisor, assessing the progress made against targets previously set.

The Pay Policy, as adopted by the Governing Body, states the range of progression permitted and with reference to the ISR of the school.

The Pay Committee comprise of Viv Elphick, Gill Brooks and Helen Phillips.

- **Connected organisations, including related party relationships**

The Headteacher works with the local school group called "Ibstock Group 24" and the Forest Way Teaching School Alliance. This enables him to keep abreast of current educational matters and network with other schools to share expertise, knowledge, experience and training.

The school has a connected charity, Measham Parents & Friends Association which was established for the purpose of supporting the school in a manner as determined by its own independent board. These funds are under the control of this independent board, not the Academy. In line with the Academies Accounts Direction 2015 to 2016 (SORP 2015) some summary details of this charity's activities are included in note 23 to the financial statements.

Measham CEPS Academy Trust is a Voluntary Controlled School meaning that the Diocese of Leicester Educational Trust have the right to appoint up to 25% of the total Trustee Board.

## **OBJECTIVES AND ACTIVITIES**

- **Objects and aims**

Measham CEPS Academy Trusts' object is specifically restricted to the following:

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

To promote for the benefit of individuals living in Measham and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and within the object of improving the condition of the said individuals.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

● **Objectives, strategies and activities**

Our mission statement is “where happy children flourish”.

We are committed to providing an environment where happy children flourish and to provide a caring, stimulating and safe school where achievements are celebrated and everyone is valued and shown respect.

We do this through:

- Encouraging the development of the children intellectually, physically, artistically and spiritually
- Encouraging the children to value the achievement of others as well as their own
- Encouraging good manners and positive behaviour through teaching and by example
- Providing a curriculum, which seeks to develop the child whilst recognising that English, Mathematics, Science and Information Technology have priority within the delivery of the national curriculum
- Supporting and developing the needs of staff to achieve their full potential
- Fostering partnerships within our whole school community, communicating clearly with everyone to secure their contributions
- Treating everyone as an individual, recognising the requirements of our equal opportunities statement

● **Public benefit**

Measham CEPS Academy Trust is a charitable trust which seeks to benefit the public throughout the pursuit of its stated aims.

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

● **Key performance indicators**

**Key Stage 1**

The % of children attaining expected standards or greater than expected was

Reading	73.3
Writing	70
Maths	73.3

**Key Stage 2**

The % of children attaining expected standards was

Reading	43
Writing	81
Maths	76

Other achievements and activities in the 2015/16 academic year have included:

**Music;**

All of the year 4 children have taken Guitar instrument tuition with Leicestershire Music Services under the WCET project.

All of our year 5 children have taken guitar tuition as a second year continuation to the WCET project with Leicestershire Music Service along with a few of the year 6 children, again as year 2 continuers.

The Choir performed at various local events.

Residential Trips for years, 2, 4 & 6.

The year 6 children went to London for 3 days.

The year 4 children went to the Kingswood site at Dearne Valley for 3 days.

The year 2 went to Beaumanor Hall, Leicestershire 2 groups went over night and 2 full days.

**Sport;**

A variety of Interschool & County Sporting events, including some especially for children with special needs.

We also had a variety of external workshops and visits for selected year groups and included information workshops for parents to come into school for Phonics and maths mornings working with their children.

Moderated Writing showed our school to be above the national average indicator of 74% and the children did very well with the Maths however the Reading result was low due to a number of different factors but overall scoring low in comparison to practise tests.

Attendance for year 6 was 97.76%

Attendance for year 2 was 96.43%

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

- **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**

- **Financial Review**

The Academy had a net movement in funds for the year ended 31 August 2016 of £24,399 including fixed assets movements. As at 31 August 2016 the Academy held £38,471 of unrestricted reserves plus £51,871 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £90,342.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £429,000 at 31 August 2016 and a fixed asset reserve £360,834 being the book value of past purchases.

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Academy. The principle financial management policies adopted in the period are included in the Academy's internal financial policies and are typical for an Academy Trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the Academy are the General Annual Grant (GAG) and other EFA/DfE grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the Academy Trust, subject to any remaining reserves.

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

- **Reserves Policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately one month's expenditure equating to around £90,000.

Actual free reserves plus unspent GAG as at 31 August 2016 were £90,342, being approximately in line with the target level set by the Trustees. The Academy held no other available restricted funds at the year end. Cash at bank at 31 August 2016 was £20,317 higher than total available reserves due principally to Universal Infant Free School Meals income received in advance of the 2016/17 academic year plus other accruals timing differences.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

At 31 August 2016 the Academy's fixed asset reserve of £360,834 represented £360,834 of funds which could only be realised if the assets were sold.

The only reserve in deficit at the year end was the pension reserve (deficit of £429,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

● **Investment policy**

The school's investment strategy is:

- Regularly monitor cash flow and current/fund account balances to ensure immediate financial commitments can be met (payroll and payment runs) and that the accounts have adequate balances to meet forthcoming commitments.
- Periodically review interest rates and compare with other investment opportunities.
- The school's current policy is to only invest funds in risk free and immediately assessable accounts.

Any change in policy requires the approval of Trustees via the Finance and Personnel Committee.

● **Principal risks and uncertainties**

The risks faced by the Academy are outlined in the Risk Register which will be updated annually along with the Business Continuity and Contingency plan.

Principal risks and uncertainties facing the Academy Trust are low and link to the risk management process that the Academy Trust has in place.

The Trustees are responsible for the overseeing of the risks faced by the school. Detailed considerations of risk are delegated to the senior leadership team of the school. Risks are identified, assessed and controls established throughout the period. A formal review of the school's risk management process will be undertaken on an annual basis. Risk is managed under the headings of strategic and reputational, operational, employment and financial as set out in the risk management register.

At 31 August 2016 the pension deficit on the Local Government Pension Scheme stood at £429,000. The Academy has mitigated risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of Academy closure, outstanding pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**PLANS FOR FUTURE PERIODS**

● **Future developments**

The Trustees intend to continue their current strategies of maintaining the school's position in a competitive market by providing outstanding education for all pupils. Achieving high standards of academic results is a constant aim whilst maintaining the breadth and depth of wider education to develop the whole person and to provide an inclusive education for all children.

● **Funds held as custodian**

The Academy does not hold funds on behalf of any other organisations.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**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
- the Trustees have taken all the steps that ought to have been taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

**Auditors**

The auditors, Clear & Lane Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 7 December 2016 and signed on the board's behalf by:

**J Parkinson**  
**Chair of Trustees**

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Measham Church of England Primary School Academy Trust 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 Measham Church of England Primary School Academy Trust 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 7 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
J Parkinson, Chair	5	7
H Phillips, Vice Chair	5	7
M Fisher, Headteacher	7	7
H Carter	4	7
S Plant	4	7
V Elphick	5	7
G Brooks	4	7
S Jones	5	7
A Timbrell	5	7
T Aston Wright	7	7
L Masters	5	7
T Hogan	7	7
H Wileman	7	7
S Newman	3	7

**Governance reviews:**

The findings of the annual review carried out during the year to 31 August 2016 were based on a skills audit of the Governing Body that was carried out in January 2016.

The actions taken as a result of those findings and the impact they had were as follows:

- the audit showed that there was a need for increased understanding/experience in areas of finance but the levels on the Finance Committee compensated and clear concise information and planning would help alleviate this
- there was a need for more Trustees with business acumen – new Trustee working for a local National building firm would address this need with future recruitment from someone with community based experience

The Board of Trustees intends to conduct another self evaluation review during the forthcoming year. This will become a yearly review which will be carried out every January.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

The Finance & Personnel Committee is a delegated committee of the main Board of Trustees. Its purpose is to oversee the finance, and personnel of the school.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Parkinson, Chair	4	6
H Phillips, Vice Chair	6	6
M Fisher, Headteacher	6	6
V Elphick	5	6
G Brooks	4	6
T Hogan	5	6

**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 successful Condition Improvement Fund bid for roof, windows and door replacements has reduced costly repairs and maintenance budgets and the Academy is now benefiting from reduced energy bills due to a more efficient building
- continuing to focus on reducing energy usage from foci learnt from being part of the Score project in a previous year
- continue to apply "best value" criteria to all purchases and services

**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 Measham Church of England Primary School Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

**The Risk and Control Framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The latest internal audit visit was in November 2016. No material control issues were identified as a result of the internal auditor's review work.

**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 internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Personnel 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 7 December 2016 and signed on their behalf, by:

**J Parkinson**  
**Chair of Trustees**

**S Newman**  
**Accounting Officer**

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Measham Church of England Primary School Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

**S Newman**  
**Accounting Officer**

Date: 7 December 2016

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on its behalf by:

**J Parkinson**  
**Chair of Trustees**

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**

We have audited the financial statements of Measham Church of England Primary School Academy Trust for the year ended 31 August 2016 set out on pages 19 to 42. 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" and the Academies Accounts Direction 2015 to 2016 issued by the Education 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 Auditors' 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 opinion we have formed.

**Respective responsibilities of Trustees and auditors**

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Basis for qualified opinion on financial statements**

The financial statements do not include a value with respect to the expectation of future use of the Leicestershire Church of England Diocese buildings from which the Academy operates. The Diocese have indicated their opinion that such a value should not be included in the Academy's accounts and the Trustees have made the decision to act accordingly. It is not possible to quantify the omission as no valuation has been carried out, however the value attributed to the item is arguably of limited relevance to the reader of the accounts given the absence of any impact on usable reserves.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**

**Qualified opinion on financial statements**

In our opinion, except for the effect of the matter described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Clear & Lane Limited**

Chartered Accountants  
Statutory Auditors

340 Melton Road  
Leicester  
LE4 7SL  
12 December 2016

## **MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**

**(A company limited by guarantee)**

### **INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 February 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Measham Church of England Primary School Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of Measham Church of England Primary School Academy Trust's accounting officer and the reporting auditors**

The accounting officer is responsible, under the requirements of Measham Church of England Primary School Academy Trust's funding agreement with the Secretary of State for Education dated 1 December 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions include:

- On a sample basis testing transactions and balances.
- Making enquiries of the academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in place.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO MEASHAM  
CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**  
**(continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Clear & Lane Limited**

Chartered Accountants  
Statutory Auditors

340 Melton Road  
Leicester  
LE4 7SL

12 December 2016

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	3,115	166,234	169,349	153,115
Other trading activities	3	16,467	-	-	16,467	16,036
Investments	4	284	-	-	284	269
Charitable activities	5	-	988,123	-	988,123	1,000,878
<b>TOTAL INCOME</b>		<b>16,751</b>	<b>991,238</b>	<b>166,234</b>	<b>1,174,223</b>	<b>1,170,298</b>
<b>EXPENDITURE ON:</b>						
Raising funds		16,466	-	-	16,466	15,992
Charitable activities		-	1,059,651	30,505	1,090,156	1,025,598
<b>TOTAL EXPENDITURE</b>	6	<b>16,466</b>	<b>1,059,651</b>	<b>30,505</b>	<b>1,106,622</b>	<b>1,041,590</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
		285	(68,413)	135,729	67,601	128,708
Transfers between funds	16	-	762	(762)	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		285	(67,651)	134,967	67,601	128,708
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(92,000)	-	(92,000)	9,000
<b>NET MOVEMENT IN FUNDS</b>		<b>285</b>	<b>(159,651)</b>	<b>134,967</b>	<b>(24,399)</b>	<b>137,708</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		38,186	(217,478)	225,867	46,575	(91,133)
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>38,471</b>	<b>(377,129)</b>	<b>360,834</b>	<b>22,176</b>	<b>46,575</b>

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**

(A company limited by guarantee)

REGISTERED NUMBER: 08270314

**BALANCE SHEET  
AS AT 31 AUGUST 2016**

	Note	£	2016 £	2015 £
<b>FIXED ASSETS</b>				
Tangible assets	12		<b>360,834</b>	225,867
<b>CURRENT ASSETS</b>				
Stocks	13	3,978		4,449
Debtors	14	37,167		58,279
Cash at bank and in hand		110,659		428,296
		<u>151,804</u>		<u>491,024</u>
<b>CREDITORS:</b> amounts falling due within one year	15	<b>(61,462)</b>		<b>(358,316)</b>
<b>NET CURRENT ASSETS</b>			<b>90,342</b>	132,708
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>451,176</b>	358,575
Defined benefit pension scheme liability	21	<b>(429,000)</b>		<b>(312,000)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>22,176</b>	46,575
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Restricted income fund	16	51,871		94,522
Fixed asset fund	16	360,834		225,867
Restricted funds excluding pension liability		<u>412,705</u>		<u>320,389</u>
Pension reserve		<b>(429,000)</b>		<b>(312,000)</b>
Total restricted funds			<b>(16,295)</b>	8,389
Unrestricted income funds	16		<b>38,471</b>	38,186
<b>TOTAL FUNDS</b>			<b>22,176</b>	46,575

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

**J Parkinson**  
Chair of Trustees

The notes on pages 22 to 42 form part of these financial statements.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	18	<b>(318,683)</b>	306,965
<b>Cash flows from investing activities:</b>			
Interest received		284	269
Purchase of tangible fixed assets		<b>(165,472)</b>	(180,644)
Capital grants from DfE/EFA and other capital income		<b>166,234</b>	149,734
<b>Net cash provided by/(used in) investing activities</b>		<b>1,046</b>	(30,641)
<b>Change in cash and cash equivalents in the year</b>		<b>(317,637)</b>	276,324
Cash and cash equivalents at 1 September 2015		<b>428,296</b>	151,972
<b>Cash and cash equivalents at 31 August 2016</b>		<b>110,659</b>	428,296

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES**

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

**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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Measham Church of England Primary School Academy Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

**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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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 Education Funding Agency.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**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 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 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.

Donated fixed assets are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy trust's accounting policies.

Donations are recognised on a receivable basis where there is certainty of receipt 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 are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**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.

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 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.

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.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	6% Straight line
Construction in progress	-	not depreciated
Fixtures and fittings	-	15% Straight line
Fixtures and fittings - windows	-	10% Straight line
Computer equipment	-	25% Straight line

**1.7 OPERATING LEASES**

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

**1.8 STOCKS**

Stocks are valued at the lower of cost and value in use.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**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 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.

**1.11 LIABILITIES AND PROVISIONS**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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 recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. 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.

**1.12 PENSIONS**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

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 21, 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.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

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

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

**1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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

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.

**Defined benefit pension scheme**

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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**2. DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other donations	-	3,115	-	3,115	3,381
Capital Grants	-	-	166,234	166,234	149,734
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	3,115	166,234	169,349	153,115
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and capital grants, £ *NIL* was to unrestricted funds and £153,115 was to restricted funds

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Children's Centre income	12,879	-	12,879	12,748
Fundraising income	1,408	-	1,408	1,742
Sundry income	2,180	-	2,180	1,546
	<hr/>	<hr/>	<hr/>	<hr/>
	16,467	-	16,467	16,036
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from other trading activities, £16,036 was to unrestricted funds and £ *NIL* was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	284	-	284	269
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total investment income, £ 269 was to unrestricted funds and £ *NIL* was to restricted funds.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	839,550	839,550	858,994
Other DfE/EFA grants	-	128,600	128,600	140,655
	-	<b>968,150</b>	<b>968,150</b>	999,649
<b>Other government grants</b>				
Big Lottery funding	-	9,894	9,894	-
Local Authority grants	-	10,079	10,079	1,229
	-	<b>19,973</b>	<b>19,973</b>	1,229
Total	-	<b>988,123</b>	<b>988,123</b>	1,000,878

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £1,000,878 was to restricted funds.

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	16,466	16,466	15,992
Educational Operations:					
Direct costs	716,712	22,879	75,888	815,479	749,919
Support costs	120,051	61,924	92,702	274,677	275,679
	<b>836,763</b>	<b>84,803</b>	<b>185,056</b>	<b>1,106,622</b>	1,041,590

In 2015, of the total expenditure on raising funds, £15,992 was to unrestricted funds and £NIL was to restricted funds.

In 2015, of the total expenditure on educational operations, £NIL was to unrestricted funds, £993,399 was to restricted funds and £20,041 to restricted fixed asset funds.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**7. CHARITABLE ACTIVITIES**

	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Teaching and educational support staff costs - salaries	560,580	538,997
Teaching and educational support staff costs - NI	37,060	30,012
Teaching and educational support staff costs - pensions	111,590	98,128
LGPS pension interest cost (£25,000) less return on assets (£13,000)	12,000	11,000
Teaching and educational support agency staff	7,482	5,218
Educational supplies	25,872	21,415
Staff development	9,457	11,042
Other direct costs	24,792	18,001
Recruitment	3,767	1,076
Depreciation	22,879	15,030
	<b>815,479</b>	<b>749,919</b>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Support staff costs - salaries	95,667	92,215
Support staff costs - NI	4,597	3,822
Support staff costs - pensions	19,787	18,065
Maintenance of premises and equipment	19,280	21,749
Cleaning	4,348	4,397
Rates	5,505	5,774
Insurance	11,427	23,981
Depreciation	7,626	5,010
Catering	41,354	34,418
Bank interest and charges	107	62
Legal and professional fees	2,450	2,026
Other support costs	29,163	26,835
Security and transport	3,112	1,710
Technology costs	8,763	12,913
Energy costs	13,738	15,544
Governance	7,753	7,158
	<b>274,677</b>	<b>275,679</b>
Total Academy's educational operations	<b>1,090,156</b>	<b>1,025,598</b>

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016</b>	2015
	£	£
Depreciation of tangible fixed assets: - capitalised by the charity	<b>30,505</b>	20,041
Auditors' remuneration - audit	<b>5,450</b>	4,766
Auditors' remuneration - other services	<b>1,200</b>	769
	<b><u>37,155</u></b>	<b><u>25,576</u></b>

**9. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	2015
	£	£
Wages and salaries	<b>656,247</b>	631,213
Social security costs	<b>41,657</b>	33,834
Operating costs of defined benefit pension schemes	<b>131,377</b>	116,192
	<b><u>829,281</u></b>	<b><u>781,239</u></b>
Supply staff costs	<b>7,482</b>	5,218
	<b><u>836,763</u></b>	<b><u>786,457</u></b>

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

	<b>2016</b>	2015
	No.	No.
Teachers	<b>12</b>	11
Administration and support	<b>32</b>	32
Management	<b>1</b>	1
	<b><u>45</u></b>	<b><u>44</u></b>

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

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 £136,538 (2015: £143,172). These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within their employment.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**10. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 5 Trustees (2015 - 5) in respect of defined contribution pension schemes.

One or more Trustees has been paid remuneration 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 was as follows:

M Fisher (Headteacher and Trustee)

Remuneration £50,000 - £55,000 (2015: £50,000 - £55,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

H Carter (Staff Trustee) - Maternity leave 23 November 2015 - 28 May 2016

Remuneration £25,000 - £30,000 (2015: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

S Plant (Staff Trustee)

Remuneration £10,000 - £15,000 (2015: £10,000 - £15,000)

Employer's pension contributions £NIL (2015: £NIL)

T Aston-Wright (Staff Trustee)

Remuneration £5,000 - £10,000 (2015: £5,000 - £10,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

A Timbrell (Staff Trustee)

Remuneration £10,000 - £15,000 (2015: £10,000 - £15,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

**11. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £243 (2015 - £1,360).

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**12. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Construction in progress £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>					
At 1 September 2015	-	146,563	62,378	42,736	251,677
Additions	137,826	-	22,177	5,469	165,472
Transfer between classes	107,495	(146,563)	39,068	-	-
At 31 August 2016	<u>245,321</u>	<u>-</u>	<u>123,623</u>	<u>48,205</u>	<u>417,149</u>
<b>DEPRECIATION</b>					
At 1 September 2015	-	-	12,505	13,305	25,810
Charge for the year	8,586	-	10,447	11,472	30,505
At 31 August 2016	<u>8,586</u>	<u>-</u>	<u>22,952</u>	<u>24,777</u>	<u>56,315</u>
<b>NET BOOK VALUE</b>					
At 31 August 2016	<u>236,735</u>	<u>-</u>	<u>100,671</u>	<u>23,428</u>	<u>360,834</u>
At 31 August 2015	<u>-</u>	<u>146,563</u>	<u>49,873</u>	<u>29,431</u>	<u>225,867</u>

**13. STOCKS**

	2016 £	2015 £
Classroom consumables and uniform	<u>3,978</u>	<u>4,449</u>

**14. DEBTORS**

	2016 £	2015 £
Trade debtors	2,000	-
VAT recoverable	7,205	3,362
Prepayments and accrued income	27,962	54,917
	<u>37,167</u>	<u>58,279</u>

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other taxation and social security	<b>12,089</b>	10,266
Other creditors	<b>20,692</b>	19,339
Accruals and deferred income	<b>28,681</b>	328,711
	<hr/> <b>61,462</b> <hr/>	<hr/> 358,316 <hr/>
	<hr/> <b>2016</b> <hr/>	<hr/> <b>2015</b> <hr/>
	<b>£</b>	<b>£</b>
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2015	<b>177,236</b>	13,529
Resources deferred during the year	<b>17,717</b>	177,236
Amounts released from previous years	<b>(177,236)</b>	(13,529)
	<hr/> <b>17,717</b> <hr/>	<hr/> 177,236 <hr/>
Deferred income at 31 August 2016	<hr/> <b>17,717</b> <hr/>	<hr/> 177,236 <hr/>

The closing balance of deferred income relates to Universal Infant Free School Meals income received in advance of the 2016/17 academic year.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**16. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>						
General Funds	38,186	16,751	(16,466)	-	-	38,471
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	94,522	839,550	(882,963)	762	-	51,871
Pupil Premium	-	89,233	(89,233)	-	-	-
Other DfE/EFA grants	-	39,367	(39,367)	-	-	-
Other government grants	-	19,973	(19,973)	-	-	-
Other income	-	3,115	(3,115)	-	-	-
Pension reserve	(312,000)	-	(25,000)	-	(92,000)	(429,000)
	<u>(217,478)</u>	<u>991,238</u>	<u>(1,059,651)</u>	<u>762</u>	<u>(92,000)</u>	<u>(377,129)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DfE/EFA capital grants	13,480	6,205	(3,851)	-	-	15,834
Transfer from Local Authority	2,943	-	(866)	-	-	2,077
Other government grants	24,959	-	(8,404)	-	-	16,555
Condition Improvement Fund	146,563	160,029	(9,563)	(2,636)	-	294,393
Capital expenditure from GAG	37,922	-	(7,821)	1,874	-	31,975
	<u>225,867</u>	<u>166,234</u>	<u>(30,505)</u>	<u>(762)</u>	<u>-</u>	<u>360,834</u>
Total restricted funds	<u>8,389</u>	<u>1,157,472</u>	<u>(1,090,156)</u>	<u>-</u>	<u>(92,000)</u>	<u>(16,295)</u>
Total of funds	<u><u>46,575</u></u>	<u><u>1,174,223</u></u>	<u><u>(1,106,622)</u></u>	<u><u>-</u></u>	<u><u>(92,000)</u></u>	<u><u>22,176</u></u>

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**16. STATEMENT OF FUNDS (continued)**

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

Restricted funds

The General Annual Grant (GAG) relates to the schools development and operational activities.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The DfE/EFA restricted funds grant consists of Universal Infant Free School Meals (UIFSM) and PE sports grant, all of which were fully spent in the year.

Other government grants consists of Special Educational Needs (SEN) income and Big Lottery funding, both which were fully spent in the year.

Other income consists of Parents & Friends Association income of £1,912 and Department for Work and Pensions (DWP) income of £1,203 which were both fully spent in the year.

The pension reserve relates to the schools share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed asset funds

DfE/EFA capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of assets concerned.

The transfer from the Local Authority relates to the moveable assets transferred from the Local Authority to the Academy on conversion less depreciation charged to date.

Other government grants consists of Section 106 income from Leicestershire County Council towards the purchase of computer equipment. The closing balance relates to the net book value of assets concerned.

Condition Improvement Fund (CIF) relates to funding received in relation to flat roofing repairs and window and door replacement. The closing balance relates to the net book value of assets concerned.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

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 2016.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	360,834	360,834	225,867
Current assets	38,471	113,335	-	151,806	491,024
Current liabilities	-	(61,464)	-	(61,464)	(358,316)
Pension scheme liability	-	(429,000)	-	(429,000)	(312,000)
	<u>38,471</u>	<u>(377,129)</u>	<u>360,834</u>	<u>22,176</u>	<u>46,575</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of Financial Activities)	67,601	128,708
<b>Adjustment for:</b>		
Depreciation charges	30,505	20,041
Interest receivable	(284)	(269)
Decrease/(increase) in stocks	471	(1,809)
Decrease in debtors	21,112	8,539
(Decrease)/increase in creditors	(296,854)	274,489
Capital grants from DfE and other capital income	(166,234)	(149,734)
Defined benefit pension scheme cost less contributions payable	13,000	16,000
Defined benefit pension scheme finance cost	12,000	11,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(318,683)</u>	<u>306,965</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	110,659	428,296
Total	<u>110,659</u>	<u>428,296</u>

**20. CAPITAL COMMITMENTS**

At 31 August 2016 the Academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	160,029

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**21. 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 Leicestershire County Council. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £14,026 were payable to the schemes at 31 August 2016 (2015 - 12,673) 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**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £67,386 (2015 - £53,178).

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](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**21. PENSION COMMITMENTS (continued)**

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 2016 was £65,000 (2015 - £60,000), of which employer's contributions totalled £51,000 (2015 - £47,000) and employees' contributions totalled £14,000 (2015 - £13,000). The agreed contribution rates for future years are 21.4 - 22.4% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2016</b>	2015
Discount rate for scheme liabilities	<b>2.10 %</b>	3.80 %
Rate of increase in salaries	<b>3.10 %</b>	4.60 %
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	2.70 %
Inflation assumption (CPI)	<b>2.10 %</b>	2.70 %
Commutation of pensions to lump sums	<b>50.00 %</b>	50.00 %

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

	<b>2016</b>	2015
Retiring today		
Males	<b>22.2</b>	22.2
Females	<b>24.3</b>	24.3
Retiring in 20 years		
Males	<b>24.2</b>	24.2
Females	<b>26.6</b>	26.6

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**21. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2016 £</b>	Fair value at 31 August 2015 £
Equities	<b>323,000</b>	206,000
Bonds	<b>81,000</b>	66,000
Property	<b>41,000</b>	34,000
Cash	<b>4,000</b>	6,000
	<hr/> <b>449,000</b> <hr/>	<hr/> 312,000 <hr/>
Total market value of assets		

The actual return on scheme assets was £13,000 (2015 - £10,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 report for Fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

**Asset model**

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the year (i.e. as at 1 September 2015 for the year to 31 August 2016, or date of joining the fund if later).

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**21. PENSION COMMITMENTS (continued)**

The amounts recognised in the statement of financial activities are as follows:

	2016 £	2015 £
Current service cost	(64,000)	(63,000)
Net interest cost	(12,000)	(11,000)
Total	<u>(76,000)</u>	<u>(74,000)</u>

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

	2016 £	2015 £
At 1 September	624,000	536,000
Current service cost	64,000	63,000
Interest cost	25,000	21,000
Employee contributions	14,000	13,000
Actuarial losses/(gains)	152,000	(8,000)
Benefits paid	(1,000)	(1,000)
At 31 August	<u>878,000</u>	<u>624,000</u>

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

	2016 £	2015 £
At 1 September	312,000	242,000
Return on plan assets (excluding net interest on the net defined pension liability)	13,000	10,000
Actuarial gains and (losses)	60,000	1,000
Employer contributions	51,000	47,000
Employee contributions	14,000	13,000
Benefits paid	(1,000)	(1,000)
At 31 August	<u>449,000</u>	<u>312,000</u>

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

**Change in assumptions as at 31 August 2016:**

	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	14%	120,000
1 year increase in member life expectancy	3%	26,000
0.5% increase in the Salary Increase Rate	5%	45,000
0.5% increase in the Pension Increase Rate	8%	72,000

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**22. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The Diocese of Leicester Educational Trust are a founding member of the Academy and have the right to appoint up to 25% of the total Trustee board. The building from which the Academy operates is owned by the Diocese of Leicester. The following related party transactions took place in the period of account:

The Leicester Diocesan Board of Education is paid amounts in relation to courses and subscription fees totalling £935 (2015: £905). There were no amounts outstanding at 31 August 2016 (2015: £NIL).

- The Academy made these purchases at arms' length in accordance with its financial regulations
- In entering into these transaction the Academy has complied with the requirements of EFA's Academies Financial Handbook

The wife of M Fisher, a Trustee of the Academy, was employed by the academy as a supply teacher and was paid at a standard level for this role.

No other related party transactions took place in either the current or prior period.

**23. CONNECTED CHARITIES**

The Measham Parents & Friends Association raises money for the school and then, in line with its own board decisions, donates funds for particular projects, or assets for the benefit of the Academy. The charity's net assets/reserves at 31 August 2016 were £2,824 (2015: £2,105). The charity's gross income for the year to 31 August 2016 was £3,730 (2015: £2,033), its expenditure was £3,011 (2015: £4,161 including donations to the Academy of £3,381) and its surplus for the year was £719 (2015: £2,128 deficit).

**24. 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.

**MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**25. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2013. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		(91,133)	46,575
Total funds reported under FRS 102		<u>(91,133)</u>	<u>46,575</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	31 August 2015 £
Net income previously reported under UK GAAP		133,708
Change in recognition of LGPS interest cost	A	(5,000)
Net movement in income reported under FRS 102		<u>128,708</u>

Explanation of changes to previously reported funds and net income/expenditure:

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £5,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.