

Company Registration 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 2017

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

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	The Diocese of Leicester Educational Trust G Brooks S Jones (resigned 30 November 2016) H Wileman (appointed 1 December 2016)
Trustees	J Parkinson, Chair (resigned 27 September 2017) ¹ G Brooks, Chair from 27 September 2017 ¹ H Phillips, Vice Chair ¹ H Carter (resigned 30 November 2016) S Plant (resigned 30 November 2016) V Elphick ¹ S Jones (resigned 30 November 2016) A Timbrell T Aston Wright (resigned 30 November 2016) L Masters (resigned 27 September 2016) T Hogan (resigned 27 September 2016) ¹ H Wileman S Newman (appointed 1 September 2016) ¹ J Fern (appointed 7 December 2016) L Rooney (appointed 7 December 2016) L Kitely (appointed 7 December 2016) J Durham (appointed 25 January 2017, resigned 27 September 2017) T Eyley (appointed 7 December 2016, resigned 27 September 2017)

¹ Finance & Personnel committee

Company registered number	08270314
Company name	Measham Church of England Primary School Academy Trust
Principal and registered office	Bosworth Road Measham Swadlincote Leicestershire DE12 7LG
Company secretary	J Whittle
Senior management team	Sylvie Newman, Headteacher (appointed 1 September 2016) Hannah Carter, Deputy Headteacher
Independent auditors	Magma Audit LLP Chartered Accountants 340 Melton Road Leicester LE4 7SL
Bankers	Lloyds Bank Plc 20 Belvoir Road Coalville Leicestershire LE67 3QH

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Measham. It has a pupil capacity of 245 and had a roll of 206 in the school census on 14 January 2017.

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 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 £260 was paid.

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 Rev'd Canon, Vivien Elphick, Jim Parkinson and Helen Phillips.

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

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 5 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.

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 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 comprises of Viv Elphick, Gill Brooks and Helen Phillips.

Connected organisations, including related party relationships

The Headteacher is an Executive Headteacher who is also employed by Donisthorpe which is a Leicestershire County Council School. She works with two local school groups called "Ibstock Group 24" and "Ashby Family of Schools", in addition to being on the Board at the Forest Way Teaching School Alliance. This enables her to keep abreast of current educational matters and network with other schools to share expertise, knowledge, experience and training. She has recently been appointed as a Local Leader in Education.

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TRUSTEES' REPORT (continued)
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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 2016 to 2017 (SORP 2015) some summary details of this charity's activities are included in note 22 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.

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.

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TRUSTEES' REPORT (continued)
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STRATEGIC REPORT

Key performance indicators

Key Stage 1

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

Reading	75.1%
Writing	75.1%
Maths	78.1%

Key Stage 2

The % of children attaining expected standards was

Reading	65.1%
Writing	87.1%
Maths	87.1%
RWM	69.0%

Attainment in KS1 was average and progress was strong.

Attainment in KS2 was above average in Writing and Maths and Average in Reading.

Progress was -1.8 in Reading with Writing at -1.4 but Maths was +1.3 above average

Attendance for year 6 was 96.70%

Attendance for year 2 was 95.57%

Other achievements and activities in the 2016/17 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.

The Choir performed at various local events including a performance in January 2017 with Young Voices at the LG Arena in Birmingham.

Residential Trips for years, 2, 4 & 6

The year 6 children went to London for 2 days.

The year 4 children went to on an activity residential called Mount Cook on a JCA site for 2 full days.

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

Sport

A variety of Interschool & County Sporting events, including some especially for children with special needs and a group that was to encourage pupils reluctant to take part in any Sports. Within our own PE lessons the children took part in Gymnastics and Dance with a specialist, organised a Dance competition for the whole school to participate in. This was in addition to the more usual PE lessons. The highlight was in the last week of term hearing that the school had received the Gold Sports award, again through an external process of submission.

RE

Religious Education is featured with being a Church School and we regularly receive visits from a group called "Open the Book" who bring the Bible to life with adults who perform, dress and bring scenery to add to the assembly.

Misc

We also had a variety of external workshops and visits for selected year groups and included "Inspiration days"

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TRUSTEES' REPORT (continued)
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each half term which are creative days designed specifically to link with the new half term's topic work. We had an African Drumming session with every class, and an RE day where we studied the topic "Where in the World are We". This was purchased through a kind donation which we received from the Church.

All children in school benefit from regular Forest Sessions at Pot Kiln Woods which they walk to with one of teachers who is a trained Forest Schools practitioner. The children learn various bush crafts including den and shelter building and making a campfire. They learn how to work as a group with challenges and different situation to those found within the classroom. This covers each curriculum year with every child being able to participate throughout the year from EYFS to Year 6.

Additionally it must be noted that the school had registered with the Arts Council to work towards an achievement award called Artsmark. This has involved analysing our current provision to further develop links with the wider community and giving the children further exposure and practical experience. We registered with a project in Leicester called "Open 28" and a selection of children's work was chosen, framed & exhibited in Leicester. This work towards the award is a continuing process with a final case study being externally submitted to the Arts Council during the forthcoming year. The children also had Art work on display at Ibstock Community College and at Conkers with the Rotary Art Exhibition that we take part in annually.

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 2017 of £25,492 including fixed assets movements. As at 31 August 2017 the Academy held £38,910 of unrestricted reserves plus £41,715 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £80,625.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £405,000 at 31 August 2017 and a fixed asset reserve £372,044 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 ESFA/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.

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TRUSTEES' REPORT (continued)
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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 £85,000.

Actual free reserves plus unspent GAG as at 31 August 2017 were £80,625, being below 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 2017 was £18,176 higher than total available reserves due principally to PAYE/NI and pension costs for August 2017 being paid over in September 2017.

At 31 August 2017 the Academy's fixed asset reserve of £372,044 represented 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 £405,000) 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 & 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 2017 the pension deficit on the Local Government Pension Scheme stood at £405,000. 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

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

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.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

Auditors

The auditors, Magma Audit LLP, 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 was approved by order of the Board of Trustees, as the company directors, on 12 December 2017 and signed on its behalf by:

G Brooks
Chair of Trustees

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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 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Parkinson, Chair to 27 September 2017	5	5
G Brooks, Chair from 27 September 2017	5	5
H Phillips, Vice Chair	4	5
S Plant	1	1
V Elphick	4	5
S Jones	1	1
A Timbrell	4	5
T Aston Wright	0	1
L Masters	0	0
T Hogan	0	0
H Wileman	5	5
L Kiteley	2	4
S Newman, Headteacher	5	5
J Fern	4	4
L Rooney	3	4
J Durham	1	3
T Eyley	1	4

The changes in the Board this year have brought more specialisms with the addition of Jane Fern from our EYFS class and Lesley Rooney with her Parent Officer experience plus Laura Kiteley whose background is Safeguarding but within a High School setting. It must be noted that it is disappointing to have lost both Tracy Eyley and Jo Durham within the year of becoming Trustees but both for understandable family commitments.

The Board has been succession planning with 2 very experienced Governors taking Chair of Governors training and the Board is aware that this may be needed in the future.

With the experience of the new Headteacher the coverage and understanding of the Trustees is growing and has grown with both timely circulation of extra information and more visits plus a greater commitment to training.

It is harder to assess the performance and effectiveness due to the changes that we have had both at the start of the 16/17 year with new Trustees and changes at the end. This will actually give the Board a different strength to perform and enable as a whole body to look towards a recruitment drive linked into the school's planned need for marketing, which again is vital to drive the numbers of children on roll upwards.

The information that the Board has received is very high in both appearance and quality but it is the usefulness in the circulation of key facts and data for school improvement that is of noticeable improvement.

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GOVERNANCE STATEMENT (continued)

Governance reviews:

The findings of the annual review carried out during the year to 31 August 2017 were based on a skills audit of the Governing Body that was carried out in January 2017.

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 & Personnel 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 using the NGA skills matrix.

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	2	4
H Phillips, Vice Chair	4	4
S Newman, Headteacher	4	4
V Elphick	3	4
G Brooks	2	4

It must be noted that whilst the committee has functioned well, the appointment of another Trustee will be discussed at the September meeting in the new Academic year. There is a Trustee of the Finance & Personnel Committee who has previous financial experience.

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:

- ensuring knowledge and understanding of impact to Pupil Premium and PE Grant spending.
- motivating staff using key personnel and re-deployment of support staff in connection to PPA arrangements.
- assessing the needs of the children to govern which curriculum subscriptions are renewed linked into the staffing and impact.
- using staff specialisms i.e. Forest Schools practitioner to cover Forest Schools and cover support staff where suitable.
- continuing 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

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GOVERNANCE STATEMENT (continued)

economically. The system of internal control has been in place in Measham Church of England Primary School Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance & 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. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations

On an annual basis, the internal auditor reports to the Board of Trustees through the audit committee 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 2017. No material control issues were identified as a result of the internal auditor's review work.

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GOVERNANCE STATEMENT (continued)

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 12 December 2017 and signed on their behalf, by:

G Brooks
Chair of Trustees

S Newman
Accounting Officer

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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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

S Newman
Accounting Officer

Date: 12 December 2017

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

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (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 ESFA/DfE have been applied for the purposes intended.

Approved by order of the members of the Board of Trustees on 12 December 2017 and signed on its behalf by:

G Brooks
Chair of Trustees

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

Opinion

We have audited the financial statements of Measham Church of England Primary School Academy Trust for the year ended 31 August 2017 set out on pages 20 to 43. 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 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

Basis of opinion

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

Conclusions relating to going concern

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

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

Other information

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

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**

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

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**

Auditor's responsibilities for the audit of the financial statements

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

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Magma Audit LLP

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL
13 December 2017

MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST

(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 28 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Measham Church of England Primary School Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Measham Church of England Primary School Academy Trust and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Measham Church of England Primary School Academy Trust and the ESFA, 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 accountant

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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our 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 ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MEASHAM
CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS
FUNDING AGENCY (continued)**

Conclusion

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

Magma Audit LLP
340 Melton Road
Leicester
LE4 7SL

13 December 2017

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 2017**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:					
Donations and capital grants	2	-	6,158	6,183	12,341
Charitable activities	3	-	998,037	-	998,037
Other trading activities	4	15,317	-	-	15,317
Investments	5	93	-	-	93
TOTAL INCOME	15,410	1,004,195	6,183	1,025,788	1,174,223
EXPENDITURE ON:					
Raising funds	14,972	-	-	14,972	16,466
Charitable activities	-	1,009,467	44,857	1,054,324	1,090,155
TOTAL EXPENDITURE	14,972	1,009,467	44,857	1,069,296	1,106,621
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS	438	(5,272)	(38,674)	(43,508)	67,602
Transfers between funds	16	-	(49,884)	49,884	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES	438	(55,156)	11,210	(43,508)	67,602
Actuarial gains/(losses) on defined benefit pension schemes	20	-	69,000	-	69,000
NET MOVEMENT IN FUNDS	438	13,844	11,210	25,492	(24,398)
RECONCILIATION OF FUNDS:					
Total funds brought forward	38,472	(377,129)	360,834	22,177	46,575
TOTAL FUNDS CARRIED FORWARD	38,910	(363,285)	372,044	47,669	22,177

The notes on pages 23 to 43 form part of these financial statements.

MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST

(A company limited by guarantee)

REGISTERED NUMBER: 08270314

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £	2016 £
FIXED ASSETS				
Tangible assets	12		372,044	360,834
CURRENT ASSETS				
Stocks	13	561		3,979
Debtors	14	36,688		37,167
Cash at bank and in hand		98,801		110,659
		<u>136,050</u>		<u>151,805</u>
CREDITORS: amounts falling due within one year	15	(55,425)		(61,462)
NET CURRENT ASSETS			80,625	90,343
TOTAL ASSETS LESS CURRENT LIABILITIES			452,669	451,177
Defined benefit pension scheme liability	20		(405,000)	(429,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			47,669	22,177
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted income fund	16	41,715		51,871
Fixed asset fund	16	372,044		360,834
Restricted funds excluding pension liability		413,759		412,705
Pension reserve		(405,000)		(429,000)
Total restricted funds			8,759	(16,295)
Unrestricted income funds	16		38,910	38,472
TOTAL FUNDS			47,669	22,177

The financial statements on pages 20 to 43 were approved by the Trustees, and authorised for issue, on 12 December 2017 and are signed on their behalf, by:

G Brooks
Chair of Trustees

The notes on pages 23 to 43 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 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	37,933	(318,683)
Cash flows from investing activities:			
Interest received		93	284
Purchase of tangible fixed assets		(56,067)	(165,472)
Capital grants from DfE/ESFA and other capital income		6,183	166,234
Net cash (used in)/provided by investing activities		(49,791)	1,046
Change in cash and cash equivalents in the year		(11,858)	(317,637)
Cash and cash equivalents at 1 September 2016		110,659	428,296
Cash and cash equivalents at 31 August 2017		98,801	110,659

The notes on pages 23 to 43 form part of these financial statements.

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

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

1.2 FUND ACCOUNTING

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

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 and Skills Funding Agency.

MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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 receipt is probable and the amount can be reliably measured.

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

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(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 GOING CONCERN

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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:

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

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

1. ACCOUNTING POLICIES (continued)

Leasehold improvements	-	6% Straight line
Fixtures and fittings	-	15% Straight line
Fixtures and fittings - windows	-	10% Straight line
Computer equipment	-	25% Straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account incorporating income and expenditure account.

1.7 OPERATING LEASES

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

1.8 STOCKS

Classroom consumables, unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

1.9 CASH AT BANK AND IN HAND

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

1.10 LIABILITIES AND PROVISIONS

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

Provisions are 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.

MEASHAM CHURCH OF ENGLAND PRIMARY SCHOOL ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.11 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1.12 TAXATION

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.13 PENSIONS

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	6,158	-	6,158	3,115
Capital Grants	-	-	6,183	6,183	166,234
	-	6,158	6,183	12,341	169,349
<i>Total 2016</i>	-	3,115	166,234	169,349	

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	865,662	865,662	839,550
Other DfE/ESFA grants	-	124,567	124,567	128,600
	<u>-</u>	<u>990,229</u>	<u>990,229</u>	<u>968,150</u>
Other government grants				
Big Lottery funding	-	-	-	9,894
Local Authority grants	-	7,808	7,808	10,079
	<u>-</u>	<u>7,808</u>	<u>7,808</u>	<u>19,973</u>
	<u>-</u>	<u>998,037</u>	<u>998,037</u>	<u>988,123</u>
<i>Total 2016</i>	<u>-</u>	<u>988,123</u>	<u>988,123</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Children's Centre income	11,641	-	11,641	12,879
Fundraising income	3,676	-	3,676	1,408
Sundry income	-	-	-	2,180
	<u>15,317</u>	<u>-</u>	<u>15,317</u>	<u>16,467</u>
<i>Total 2016</i>	<u>16,467</u>	<u>-</u>	<u>16,467</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	93	-	93	284
<i>Total 2016</i>	<u>284</u>	<u>-</u>	<u>284</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 2017

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	14,972	14,972	16,466
Educational Operations:					
Direct costs	671,428	33,968	56,395	761,791	815,479
Support costs	124,101	62,311	106,121	292,533	274,677
	795,529	96,279	177,488	1,069,296	1,106,622
<i>Total 2016</i>	836,763	84,803	185,056	1,106,622	

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

7. CHARITABLE ACTIVITIES

	Total funds 2017 £	Total funds 2016 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	470,131	560,580
Teaching and educational support staff costs - NI	31,960	37,060
Teaching and educational support staff costs - pensions	120,096	111,590
LGPS pension interest cost (£19,000) less return on assets (£10,000)	9,000	12,000
Teaching and educational support agency staff	49,391	7,482
Educational supplies	31,665	25,872
Staff development	9,609	9,457
Other direct costs	5,696	24,792
Recruitment	600	3,767
Depreciation	33,643	22,879
	761,791	815,479
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	97,606	95,667
Support staff costs - NI	5,744	4,597
Support staff costs - pensions	20,751	19,787
Maintenance of premises and equipment	19,000	19,280
Cleaning	5,543	4,348
Rates	4,826	5,505
Insurance	13,956	11,427
Depreciation	11,214	7,626
Catering	40,400	41,354
Legal and professional fees	8,676	2,450
Other support costs	32,252	29,270
Security and transport	3,263	3,112
Technology costs	7,982	8,763
Energy costs	13,280	13,738
Governance	8,040	7,753
	292,533	274,677
	1,054,324	1,090,156

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - capitalised by the charity	44,857	30,505
Auditors' remuneration - audit	5,723	5,450
Auditors' remuneration - other services	940	1,200
	51,520	37,155

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9. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	567,737	656,247
Social security costs	37,704	41,657
Operating costs of defined benefit pension schemes	140,847	131,377
	<hr/>	<hr/>
	746,288	829,281
Supply staff costs	4,148	7,482
Headteacher recharges	45,093	-
	<hr/>	<hr/>
	795,529	836,763
	<hr/> <hr/>	<hr/> <hr/>

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

	2017	2016
	No.	No.
Teachers	11	12
Administration and support	31	32
Management	0	1
	<hr/>	<hr/>
	42	45
	<hr/> <hr/>	<hr/> <hr/>

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 £154,573 (2016: £136,538). These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within their employment.

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10. TRUSTEES' REMUNERATION AND EXPENSES

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:

S Newman (Headteacher and Trustee) - appointed 1 September 2016
Remuneration £35,000 - £40,000
Employer's pension contributions £5,000 - £10,000

H Carter (Staff Trustee) - resigned as Trustee 30 November 2016
Remuneration £10,000 - £15,000 (2016: £25,000 - £30,000)
Employer's pension contributions £0 - £5,000 (2016: £5,000 - £10,000)

S Plant (Staff Trustee) - resigned as Trustee 30 November 2016
Remuneration £0 - £5,000 (2016: £10,000 - £15,000)
Employer's pension contributions £NIL (2015: £NIL)

T Aston-Wright (Staff Trustee) - resigned as Trustee 30 November 2016
Remuneration £0 - £5,000 (2016: £5,000 - £10,000)
Employer's pension contributions £0 - £5,000 (2016: £0 - £5,000)

A Timbrell (Staff Trustee)
Remuneration £10,000 - £15,000 (2016: £10,000 - £15,000)
Employer's pension contributions £0 - £5,000 (2016: £0 - £5,000)

J Fern (Staff Trustee) - Appointed Trustee 7 December 2016
Remuneration £25,000 - £30,000
Employer's pension contributions £0 - £5,000

L Rooney (Staff Trustee) - Appointed Trustee 7 December 2016
Remuneration £0 - £5,000
Employer's pension contributions £0 - £5,000

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £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 2017 was £260 (2016 - £243).

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12. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2016	245,321	123,624	48,205	417,150
Additions	40,550	14,642	875	56,067
	<u>285,871</u>	<u>138,266</u>	<u>49,080</u>	<u>473,217</u>
At 31 August 2017	<u>285,871</u>	<u>138,266</u>	<u>49,080</u>	<u>473,217</u>
DEPRECIATION				
At 1 September 2016	8,586	22,952	24,778	56,316
Charge for the year	16,581	16,855	11,421	44,857
	<u>25,167</u>	<u>39,807</u>	<u>36,199</u>	<u>101,173</u>
At 31 August 2017	<u>25,167</u>	<u>39,807</u>	<u>36,199</u>	<u>101,173</u>
NET BOOK VALUE				
At 31 August 2017	<u>260,704</u>	<u>98,459</u>	<u>12,881</u>	<u>372,044</u>
At 31 August 2016	<u>236,735</u>	<u>100,672</u>	<u>23,427</u>	<u>360,834</u>

See note 1.3 regarding assets transferred on conversion.

13. STOCKS

	2017 £	2016 £
Classroom consumables and uniform	<u>561</u>	<u>3,979</u>

14. DEBTORS

	2017 £	2016 £
DUE WITHIN ONE YEAR		
Trade debtors	-	2,000
VAT recoverable	4,679	7,205
Prepayments and accrued income	32,009	27,962
	<u>36,688</u>	<u>37,167</u>

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15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Other taxation and social security	10,164	12,089
Other creditors	11,880	20,692
Accruals and deferred income	33,381	28,681
	55,425	61,462
	55,425	61,462
	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	17,717	177,236
Resources deferred during the year	20,505	17,717
Amounts released from previous years	(17,717)	(177,236)
	20,505	17,717
	20,505	17,717

The closing balance of deferred income relates to Universal Infant Free School Meals income received in advance of the 2017/18 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
General Funds	38,472	15,410	(14,972)	-	-	38,910
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	51,871	865,662	(825,934)	(49,884)	-	41,715
Pupil Premium	-	87,530	(87,530)	-	-	-
Other DfE/ESFA grants	-	37,037	(37,037)	-	-	-
Other government grants	-	7,808	(7,808)	-	-	-
Other income	-	6,158	(6,158)	-	-	-
Pension reserve	(429,000)	-	(45,000)	-	69,000	(405,000)
	<u>(377,129)</u>	<u>1,004,195</u>	<u>(1,009,467)</u>	<u>(49,884)</u>	<u>69,000</u>	<u>(363,285)</u>
RESTRICTED FIXED ASSET FUNDS						
	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
DfE/ESFA capital grants	15,834	6,183	(3,207)	-	-	18,810
Transfer from Local Authority	2,077	-	(739)	-	-	1,338
Other government grants	16,555	-	(8,404)	-	-	8,151
Condition Improvement Fund	294,393	-	(20,583)	-	-	273,810
Capital expenditure from GAG	31,975	-	(11,924)	49,884	-	69,935
	<u>360,834</u>	<u>6,183</u>	<u>(44,857)</u>	<u>49,884</u>	<u>-</u>	<u>372,044</u>
Total restricted funds	<u>(16,295)</u>	<u>1,010,378</u>	<u>(1,054,324)</u>	<u>-</u>	<u>69,000</u>	<u>8,759</u>
Total of funds	<u><u>22,177</u></u>	<u><u>1,025,788</u></u>	<u><u>(1,069,296)</u></u>	<u><u>-</u></u>	<u><u>69,000</u></u>	<u><u>47,669</u></u>

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. The transfer from GAG relates to funding towards fixed asset additions in the year.

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/ESFA restricted funds grant consists of Universal Infant Free School Meals (UIFSM) and PE

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

sports grant, both of which were fully spent in the year.

Other government grants consists of Special Educational Needs (SEN) income which was fully spent in the year.

Other income consists of Parents & Friends Association income of £4,154 and Department for Work and Pensions (DWP) income of £2,004 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/ESFA 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 2017.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	372,044	372,044
Current assets	38,910	97,140	-	136,050
Current liabilities	-	(55,425)	-	(55,425)
Pension scheme liability	-	(405,000)	-	(405,000)
	38,910	(363,285)	372,044	47,669

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per statement of financial activities)	(43,508)	67,602
Adjustment for:		
Depreciation charges	44,857	30,505
Interest receivable	(93)	(284)
Decrease in stocks	3,418	470
Decrease in debtors	479	21,112
Decrease in creditors	(6,037)	(296,854)
Capital grants from DfE and other capital income	(6,183)	(166,234)
Defined benefit pension scheme cost less contributions payable	36,000	13,000
Defined benefit pension scheme finance cost	9,000	12,000
	37,933	(318,683)
Net cash provided by/(used in) operating activities	37,933	(318,683)

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	98,801	110,659
Total	98,801	110,659

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20. PENSION COMMITMENTS

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

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

Contributions amounting to £11,880 were payable to the schemes at 31 August 2017 (2016 - 14,026) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 16.48%)
- 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 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £52,662 (2016 - £67,386).

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).

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20. 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 2017 was £67,000 (2016 - £65,000), of which employer's contributions totalled £53,000 (2016 - £51,000) and employees' contributions totalled £14,000 (2016 - £14,000). The agreed contribution rates for future years are 22.4 - 23.4% 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	3.40 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	2.40 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	24.2
Females	26.2	26.6

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	381,000	323,000
Bonds	114,000	81,000
Property	45,000	41,000
Cash	28,000	4,000
Total market value of assets	<u>568,000</u>	<u>449,000</u>

The actual return on scheme assets was £10,000 (2016 - £13,000).

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 2016 for the year to 31 August 2017, or date of joining the fund if later).

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20. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Current service cost	(89,000)	(64,000)
Interest income	10,000	13,000
Interest cost	(19,000)	(25,000)
	<hr/>	<hr/>
Total	(98,000)	(76,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
Opening defined benefit obligation	878,000	624,000
Current service cost	89,000	64,000
Interest cost	19,000	25,000
Employee contributions	14,000	14,000
Actuarial (gains)/losses	(24,000)	152,000
Benefits paid	(3,000)	(1,000)
	<hr/>	<hr/>
Closing defined benefit obligation	973,000	878,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
Opening fair value of scheme assets	449,000	312,000
Expected return on assets	10,000	13,000
Actuarial losses	45,000	60,000
Employer contributions	53,000	51,000
Employee contributions	14,000	14,000
Benefits paid	(3,000)	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	568,000	449,000
	<hr/> <hr/>	<hr/> <hr/>

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 2017:	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	13%	129,000
0.5% increase in the Salary Increase Rate	2%	23,000
0.5% increase in the Pension Increase Rate	11%	103,000

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21. 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. No long leasehold fixed asset is recognised in the financial statements due to the degree of ultimate control over the building that lies with the Diocese.

The following related party transactions took place in the period of account:

The Leicester Diocesan Board of Education was paid amounts in relation to courses and subscription fees totalling £390 (2016: £935). There were no amounts outstanding at 31 August 2017 (2016: £NIL).

22. 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 2017 were £1,192 (2016: £2,824). The charity's gross income for the year to 31 August 2017 was £3,827 (2016: £3,730), its expenditure was £5,459 (2016: £3,011 including donations to the Academy of £1,912) and its deficit for the year was £1,632 (2016: £719).

23. 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.