

Registered number: 08150822 (England & Wales)

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

Members	Mark Needham Claudia Foster Alan McPherson (resigned 25 January 2016) David Donegani (acting) (appointed 25 January 2016)
Trustees	Mark Needham, Chair of Trustees Alan McPherson, Chair Finance & Personnel (resigned 25 January 2016) Robert Seager, Chair Teaching & Learning Steven Christie, Chair Premises Leah Aulton Christine Clarke (resigned 28 June 2016) David Donegani, (acting Chair Finance & Personnel from 25.01.16) Beverley Fawdington Claudia Foster Scott McKittrick Abigail Sinclair John Todd Julia Vermaak Rebecca Coleman Smita Jenna (appointed 24 May 2016) Elizabeth Chahal (appointed 24 May 2016)
Company registered number	08150822
Company name	Holywell Primary School
Principal and registered office	Berkeley Road Loughborough Leicesters Leicestershire LE11 3SJ
Company secretary	Ann Barkley
Senior management team	Christine Linnitt, Headteacher (Resigned 31 August 2016) Maria Ings, Deputy Headteacher (Appointed 31 August 2016) Diane Williams, Assistant Headteacher
Independent auditors	Clear & Lane Limited Chartered Accountants 340 Melton Road Leicester LE4 7SL
Bankers	Lloyds Bank Plc PO Box 1000 BX1 1LT

HOLYWELL PRIMARY SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates as an academy for pupils aged 4 to 11 serving a catchment area of Loughborough. It has a pupil capacity of 420 and had a roll of 415 at 26th June 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

● **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The governors of Holywell Primary School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Holywell Primary School.

Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

● **Members' liability**

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

● **Trustees' indemnities**

In accordance with normal practice the Academy has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions whilst on Academy business. The cover under the policy is £3 million and in the period under review the sum of £553.29 inclusive of tax was paid.

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

The board of governors (trustees) comprises one governor nominated and elected by the Members, three staff members self-nominated and elected by staff members, eight nominated and elected by members of the existing board of governors, and three parent governors self-nominated and elected by parents. The methods of appointment are clearly laid down in the Holywell Primary School Board of Governors' Standing Orders document and are always observed.

Please note that the head teacher is not a Trustee/Governor of the Holywell Academy Trust.

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

New governors are allocated a 'buddy' to support them in the early stages of their role to help them get used to it. Training is actively encouraged throughout the entire period of membership, with an expectation of attendance at a minimum of two courses per year. It is compulsory for new members to attend the one day governor induction training course during their first year of office.

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

- **Organisational structure**

Day to day management of the school is by a very effective Senior Management Team (SMT), the members of which have undertaken specific training and continuous personal development (CPD), please also refer to the organisational structure chart at the end of this document).

In very broad terms, the day-to-day management of the school is the responsibility of the head teacher and SMT, with references back to the board of governors for approval where appropriate. The governors' involvement is generally required where strategic decisions or planning are involved and/or agreement needs to be secured for significantly large amounts of school funds to be spent.

- **Pay policy for key management personnel**

At Holywell we follow the national Teachers Pay and Conditions for teachers pay and set pay increases as agreed through national pay deals and incremental increases following successful performance review meetings. For support staff we follow Leicestershire local government pay scales and implemented locally agreed pay increases.

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

Holywell continues to work very effectively with the eight other primary schools in our area within the collaborative partnership called the Loughborough Primary Academy Partnership (LPAP) of which we are a member. Each of the schools remains a completely separate legal entity but benefits from the mutual support of other members through networks and shared practices.

Holywell School Parent Staff Association runs as a separate connected charity running social and fund raising events, the proceeds of which are donated to the school. Their charity registration number is 1042877.

OBJECTIVES AND ACTIVITIES

- **Objects and aims**

'Independence, perseverance and resilience leading to success'

Effective Teaching and Learning

To develop pupils' ability to approach work and other activities independently, to keep trying, and not give up, in order to continue to raise academic standards and to improve children's life skills

English, Communication and Language

To maintain and increase high standards through developing children's skills and strategies to enable them to 'have a go' and take responsibility for their own learning.

Mathematical and Scientific Development

To encourage children's development of perseverance and resilience in order to promote their confidence and independent working, leading to all children achieving their very best in maths, science and computing.

Knowledge and Understanding of the World

To continue to develop a Geography, History and Computing curriculum that enthuses pupils, raises standards and encourages independence and resilience.

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

Physical and Emotional wellbeing

To create a well-rounded child by developing skills of independence, perseverance and resilience.

Creative Development

To promote perseverance, independence and resilience through providing opportunities to develop and strengthen skills within the Arts, Craft and Design Technology.

Special Educational Needs and Disability

To ensure that each child with SEND needs receives timely assessment / support / intervention in order to make the best possible progress and develop life skills.

Foundation Stage

To develop the Foundation Stage into a combined unit of outstanding practice.

Whole School Assessment

To continue to develop internal processes to monitor pupil progress and raise standards of attainment in response to Assessment, Recording and reporting requirements of Curriculum 2014.

Gifted and Talented

To further develop children's perseverance and resilience in order for them to engage with the challenges presented and increase the number of children achieving Mastery or working within Band 7.

ITT and Student Development

To ensure the school is able to provide a high quality training for ITT participants, NQT development and work experience placements within our setting.

IT Infrastructure

To ensure that the school has up to date and effective IT resource to deliver both effective curriculum and administrative duties across school.

• **Objectives, strategies and activities**

The school operates a rolling 5-year strategic plan which is annually reviewed by the School management Team (SMT) and Full Governing Body. Below we detail the achievements for the year, shown in the five specific areas into which we classify the various issues:-

Strategic Plan Review 2015 – 2016

Premises	Governor Review Statement
Priority aim 2015-2016: To maintain a safe, sustainable and effective learning space leading to a happy working environment.	
<ul style="list-style-type: none">• The funding was secured from EFA, and the 4+ unit is now completed – this is a fantastic achievement and one which has (inevitably) made big time demands on Mrs Linnitt and Mr Lewis.• LPAP site managers' group have met a number of times, all members are seeing benefits from their collaboration and Mr Lewis is finding that he can both provide and obtain useful advice through the development of these relationships.• New road works within the perimeter of the school and more effective car park arrangements in place.• Additional mobile technology purchased, providing up to date IT resources for use in the classroom environment.• Staffing structure on premises side amended to reflect the increasing demands brought about by increased lettings and growing school site.	
Main area of challenge : To consider further projects which will enable the school to secure revenue through lettings to generate new income streams.	

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

Standards	Governor Review Statement
Priority aim 2015-2016: To aim high to ensure that Holywell remains in the top 20% of all schools in the country for reading, writing and mathematics – and to promote a sense of pride in attending Holywell.	
<ul style="list-style-type: none"> • Focus on writing continues to be championed. Again the school ran its own version of the 500 word story competition which was very well supported by the pupils. • Excellent new Head Teacher recruited in Mrs Ings, giving us confidence we will maintain the high standards and success achieved for the school by Mrs Linnitt. • Excellent new Deputy Head Teacher recruited in Mr Guy Stephenson who we are certain will support Mrs Ings well in her new role. • Good quality staff continue to be recruited, despite particularly challenging recruitment and retention issues within the labour market at present, making good use of our robust recruitment process. • Quality training on the new curriculum and assessment procedures to equip teachers to deliver the highest standards. First quality teaching the priority. 	
Main area of challenge : To maintain a full and high quality workforce in a time of reducing budgets and embed the new management structure within the school.	
Curriculum	Governor Review Statement
Priority aim 2015-2016: To refine our effective curriculum to engender a love of learning.	
<ul style="list-style-type: none"> • High quality staff employed through robust recruitment process. • Robust system for teacher observation and self-critique approach ensures high teaching standards are maintained. This has continued to drive up standards throughout the year, so we have more teachers working at an outstanding level for more of the time. • Focus on children's leadership skills, perseverance, independence and resilience has been a success. This is to continue into the coming year. • "Life Without Levels" and the higher attainment levels required by new standards have been brought into teaching practices. This has had a huge impact on the workload of teachers who have coped fantastically well considering the enormity of the task. There is still work to do which continues this year. • Links have been maintained with the schools in Chengdu in China with reciprocal visits taking place. We have started to forge links in other areas of the world. This work will continue and be further developed during the next year. • Additional curriculum provision such as pupil performances, Environmental Focus week, residentials, off site visits as well as enrichment opportunities for groups of pupils all support the wider curriculum of the school. 	
Main area of challenge : To embed consistent delivery of the curriculum across all school years and ensure completion of the 'backfilling' of knowledge following the huge changes to the curriculum last year. Embed higher expectations of the curriculum across the school.	

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

Resources	Governor Review Statement
Priority aim 2015-2016: To ensure the school is well resourced to support both the learning and well-being needs of all stakeholders and offers value for money.	
<ul style="list-style-type: none"> • Various peer groups set up within LPAP continue to maximize economies of scale through collaboration & operating models. Chairs of governors also now established a similar peer group – to be developed further during 2016/17. • 'Pinch points' are addressed wherever possible to help staff maintain appropriate work/life balance, although it is acknowledged that this is a tricky balance to strike because expectations are high at Holywell. • New technology continues to be developed within school. Mr Tye has become an invaluable element of this process and continues to support the school in all aspects of technology. • Support for other schools has continued both within and outside the LPAP group. • LPAP networks have been very successful and continue to gain strength. This year for the first time agreement has been reached to employ a support professional (educational psychologist) with the cost to be shared between the LPAP members. • Very supportive PSA group continues to bring fun and much appreciated funding to the school. • A strong business and continuity plan remains in place. <p>Main area of challenge: Generally to ensure we follow a path whereby we maximize income streams whilst simultaneously keeping control of expenditure as we have done up to now. Income is expected to reduce in the coming years so good financial management will remain one of the most important elements of our management plans. The PSA needs greater volunteer support to sustain a calendar of events and achieve its fundraising goals.</p>	
Children	Governor Review Statement
Priority aim 2015-2016: To develop children's independence, resilience and perseverance to enable them to do the best they can.	
<ul style="list-style-type: none"> • RRSA level 2 certification was awarded to us in June 2015. • School was again oversubscribed this year – an indication of its continued success, but again all students living in catchment secured a place. • Student are given opportunities to take responsibilities within school – good for confidence building. During this year some members of the school council were actively involved in the selection process for the new head teacher and deputy head. • Robust system in place for maintaining children's wellbeing. • Focus on resilience in children has proved successful and will continue into the next year. • Educational psychologist employed between the LPAP schools, giving swifter access to specialist support to children and staff. • Work with classes on developing children's resilience, independence and perseverance is beginning to embed and show signs of a positive impact on learners. Very well attended and successful curriculum evening shared with parents the reasons the schools focus on this aspect of learning and the value attached. <p>Main area of challenge: To maintain the focus across the school on giving all groups of children the best possible outcomes whilst embedding the new HT and DH in their roles at the head of the SMT, and working through the recent challenging changes to the curriculum and ongoing changes to assessment.</p>	

● **Public benefit**

The Governors confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

The Academy's public benefit is enshrined in its charitable objectives.

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

- **Key performance indicators**

2015 – 2016 Data Report Holywell (unvalidated data)

	2016 School Results	National data
Early Years Foundation Stage Good Level of Development 60 pupils	75%	66% (2015)
Year 1 Phonics Screening Check 58 pupils	95%	77% (2015)
Year 2 SAT Scaled Score (school average) Teacher Assessments 59 pupils	Reading 105 Grammar, Punctuation, Spelling 105 Maths 107 Reading 85% Writing 83% Maths 83%	2016 not yet available
Year 6 SAT Results (100+) Teacher Assessment (externally moderated) SAT Scaled Score (school average) 59 pupils	Reading 86% Grammar, Punctuation and Spelling 90% Maths 85% Combined 76% Writing 88% Reading 107 Maths 107 Grammar, Punctuation and Spelling 108	(2016) 66% 72% 74% 53% 74% 103 103 104
The school has 6 marking appeals put forward to National Curriculum Test Review Panel – result will not be known until August 2016		

- **Going concern**

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

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

FINANCIAL REVIEW

● **Financial review**

The academy had a net increase in funds for the year ended 31 August 2016 of £95,317 including fixed assets movements. As at 31 August 2016 the academy held £171,001 of unrestricted reserves plus £141,545 of unspent (non-fixed asset) restricted funds. The academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £312,546.

The academy trust had a pension deficit on their Local Government Pension Scheme of £706,000 at 31 August 2016 and a fixed asset reserve of £3,680,747 being the book value of past purchases.

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

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

● **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 £300,000.

Actual free reserves plus unspent GAG as at 31 August 2016 were £302,327 being approximately in line with target level set by the trustees. The academy also held other available restricted funds at the year end of the year of £408 PE Grant, £5,199 LEEP grant plus £4,612 LPAP rise donation. Total available reserves, being both the above figures at 31 August 2016 were £312,546. Cash at bank at 31 August 2016 was £145,958 higher than total available reserves due principally to PAYE/NI and pension costs for August 2016 being paid over in September 2016 and Universal Infant Free school Meals income received in advance of 2016/17.

At 31 August 2016 the academy's fixed asset reserve of £3,680,747 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 £706,000) 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.

● **Material investments policy**

The academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk. Available rates are reviewed from time to time and where returns are judged sufficient to more than offset the administrative cost of managing deposit funds, such accounts may be used.

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

● **Principal risks and uncertainties**

Outlined below is a description of the principal risk factors that may affect the academy. However, not all factors are within the academy's control and other factors besides those listed below may also adversely affect the academy.

1. Government funding

The academy has considerable reliance on continued government funding through the Education Funding Agency (EFA) and the Local Authority.

This risk has been and will continue to be mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the academy is focused on those priority sectors which will continue to benefit from public funding;
- Contingency planning embedded into the academy budget process.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the academy's balance sheet in line with the requirements of FRS 102. The academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

3. Pupil Strategy

The academy seeks to maintain its popularity with current and prospective pupils by:

- ensuring the academy delivers high quality education and training;
- maintaining outstanding success rates and good inspection outcomes; and
- investing in the its teaching staff and resources.

This places the academy in an excellent position to attract new pupils.

At 31 August 2016 the pension deficit on the Local Government Pension Scheme stood at £706,000. The Academy has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

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

PLANS FOR FUTURE PERIODS

● **Future developments**

The Academy intends to action fully the areas of development as detailed in the Strategic Development Plan 2016-2020, which has been agreed by full governors (June 2016)

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

Funds held as custodian

No funds are held on behalf of others.

Disclosure of information to auditors

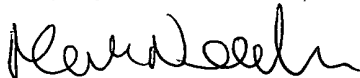
Insofar as the Trustees are aware:

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

Auditors

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

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 15 November 2016 and signed on the board's behalf by:



Mark Needham
Chair of Trustees

HOLYWELL PRIMARY SCHOOL
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GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 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
Mark Needham	6	6
Alan McPherson	2	2
Robert Seager	5	6
Steven Christie	5	6
Leah Aulton	5	6
Christine Clarke	5	6
David Donegani	4	6
Beverley Fawdington	4	6
Claudia Foster	5	6
Scott McKittrick	4	6
Abigail Sinclair	4	6
John Todd	6	6
Julia Vermaak	6	6
Rebecca Coleman	6	6
Smita Jenna	1	1
Elizabeth Chahal	1	1

During the year Alan McPherson resigned on 25 January 2016, Christine Clarke resigned on 28 June 2016, the Headteacher Christine Linnitt resigned on 31 August 2016 and was replaced with Maria Ings who was appointed on 31 August 2016.

Governance Reviews:

A set of tariff cards was produced and appended to the Standing Orders, the idea of this is to give a reasonably accurate estimate of the time commitment expected of all governors and the duties they are expected to perform during this time. Separate cards also produced for the more time consuming roles such as Chairs of Committees.

We have also reviewed the make-up of the governing body, ie. how the various members are selected to serve on the governing body. Minor changes were agreed in the interests of pursuing the currently favoured ideal of selecting candidates with appropriate and adequate skill sets.

Last year we stated that a Self-Evaluation of Governance will be carried out during 2016-17. This may still be done, but in view of the consideration we now need to give to the benefits or otherwise of joining or forming a Multi Academy Trust (MAT), it will only be done if it is considered to be a constructive use of governors' time.

The Finance & Personnel Committee is one of the trust's three working committees. Part of its purpose is to review the financial position of the academy trust on a regular basis (6 times a year). This includes discussing and approving academy trust budgets and approving necessary expenditure. For larger procurement projects

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GOVERNANCE STATEMENT (continued)

this also involves sourcing quotations for comparison to ensure that best value is secured. Attendance at meetings during the year was as follows:

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Steven Christie	4	6
David Donegani	6	6
Bev Fawdington	5	6
Scott McKittrick	6	6
Alan McPherson	2	3
Mark Needham	3	6
Abigail Sinclair	4	5
John Todd	6	6

Review of Value for money

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

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

- Benchmarking against Loughborough Primary Academy Partnership schools and the Kreston Group of academies.
- Procurement exercises.
- Discussion with other Head Teachers.
- Review of contracts.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Holywell Primary School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Business 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 Internal Audit Services as internal auditor.

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

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

Review of Effectiveness

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

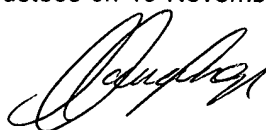
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Business 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 15 November 2016 and signed on their behalf, by:



Mark Needham
Chair of Trustees



Maria Ings
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Maria Ings
Accounting Officer

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

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

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

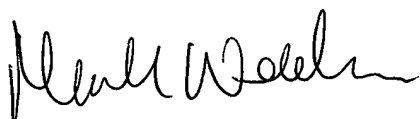
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 15 November 2016 and signed on its behalf by:



Mark Needham
Chair of Trustees

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

We have audited the financial statements of Holywell Primary School for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

Matters on which we are required to report by exception

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

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

Clear & Lane CP.

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL

Date: 01/12/16

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HOLYWELL
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

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

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

Respective responsibilities of Holywell Primary School's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Holywell Primary School's funding agreement with the Secretary of State for Education dated 31 October 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- 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.

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HOLYWELL
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

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



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL

Date: 01/12/16

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	614	6,625	299,750	306,989	16,766
Other trading activities	3	34,986	12,421	-	47,407	38,794
Investments	4	1,672	-	-	1,672	616
Charitable activities	5	-	1,589,710	-	1,589,710	1,543,559
TOTAL INCOME		37,272	1,608,756	299,750	1,945,778	1,599,735
EXPENDITURE ON:						
Raising funds		8,789	11,937	-	20,726	16,690
Charitable activities		-	1,595,048	84,687	1,679,735	1,621,753
TOTAL EXPENDITURE	6	8,789	1,606,985	84,687	1,700,461	1,638,443
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	17	28,483	1,771	215,063	245,317	(38,708)
		-	(101,699)	101,699	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		28,483	(99,928)	316,762	245,317	(38,708)
Actuarial losses on defined benefit pension schemes	21	-	(150,000)	-	(150,000)	(8,000)
NET MOVEMENT IN FUNDS		28,483	(249,928)	316,762	95,317	(46,708)
RECONCILIATION OF FUNDS:						
Total funds brought forward		142,518	(314,527)	3,363,985	3,191,976	3,238,684
TOTAL FUNDS CARRIED FORWARD		171,001	(564,455)	3,680,747	3,287,293	3,191,976

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 08150822

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		3,680,747		3,355,817
CURRENT ASSETS					
Stocks	13	1,483		157	
Debtors	14	23,300		27,754	
Cash at bank and in hand		458,504		414,390	
		<u>483,287</u>		<u>442,301</u>	
CREDITORS: amounts falling due within one year	15	<u>(151,074)</u>		<u>(93,142)</u>	
NET CURRENT ASSETS			<u>332,213</u>		<u>349,159</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,012,960</u>		<u>3,704,976</u>
CREDITORS: amounts falling due after more than one year	16	<u>(19,667)</u>			
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>3,993,293</u>		<u>3,704,976</u>
Defined benefit pension scheme liability	21	(706,000)		(513,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>3,287,293</u></u>		<u><u>3,191,976</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income fund	17	141,545		198,473	
Fixed asset fund	17	3,680,747		3,363,985	
Restricted funds excluding pension liability		<u>3,822,292</u>		<u>3,562,458</u>	
Pension reserve		<u>(706,000)</u>		<u>(513,000)</u>	
Total restricted funds			<u>3,116,292</u>		<u>3,049,458</u>
Unrestricted income funds	17		<u>171,001</u>		<u>142,518</u>
TOTAL FUNDS			<u><u>3,287,293</u></u>		<u><u>3,191,976</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 15 November 2016 and are signed on their behalf, by:



Chair of Trustees

The notes on pages 23 to 44 form part of these financial statements.

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>152,309</u>	<u>33,576</u>
Cash flows from investing activities:			
Interest received		1,672	616
Purchase of tangible fixed assets		(409,617)	(38,037)
Capital grants from DfE and other capital income		<u>299,750</u>	<u>8,804</u>
Net cash used in investing activities		<u>(108,195)</u>	<u>(28,617)</u>
Change in cash and cash equivalents in the year		44,114	4,959
Cash and cash equivalents at 1 September 2015		<u>414,390</u>	<u>409,431</u>
Cash and cash equivalents at 31 August 2016	20	<u><u>458,504</u></u>	<u><u>414,390</u></u>

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

1.2 FUND ACCOUNTING

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

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

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

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

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

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

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

1.4 EXPENDITURE

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

Expenditure on raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised.

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

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.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	-	2% Straight line
Leasehold land (125 year lease)	-	125 years Straight line
Fixtures and fittings	-	25% Straight line
Computer equipment	-	25% Straight line

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

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

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 TAXATION

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

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

1.10 CASH AT BANK AND IN HAND

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

1.11 LIABILITIES AND PROVISIONS

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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible assets

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

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Capital grants	-	-	299,750	299,750	8,804
Other donations	614	6,625	-	7,239	7,962
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	614	6,625	299,750	306,989	16,766
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £7,962 was to unrestricted funds and £8,804 was to restricted funds

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	11,235	-	11,235	11,548
LPAP income	-	9,985	9,985	6,611
Other income	2,355	-	2,355	4,803
Head teachers board income	16,375	-	16,375	11,250
Triple S Club	5,021	-	5,021	4,582
LEEP project income	-	2,436	2,436	-
	<hr/>	<hr/>	<hr/>	<hr/>
	34,986	12,421	47,407	38,794
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from other trading activities, £32,183 was to unrestricted funds and £6,611 was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	1,672	-	1,672	616
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total investment income, £ 616 was to unrestricted funds and £ NIL was to restricted funds.

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	1,460,271	1,460,271	1,400,633
Other DfE/EFA grants	-	120,939	120,939	142,926
	<u>-</u>	<u>1,581,210</u>	<u>1,581,210</u>	<u>1,543,559</u>
Other government grants				
Local Authority grants	-	8,500	8,500	-
	<u>-</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
	<u>-</u>	<u>1,589,710</u>	<u>1,589,710</u>	<u>1,543,559</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,543,559 was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	5,523	-	15,203	20,726	16,690
Educational Operations:					
Direct costs	1,084,321	70,148	118,882	1,273,351	1,191,614
Support costs	190,000	105,655	110,729	406,384	430,139
	<u>1,279,844</u>	<u>175,803</u>	<u>244,814</u>	<u>1,700,461</u>	<u>1,638,443</u>

In 2015, of the total fundraising expenditure, £16,690 was to unrestricted funds and £NIL was to restricted funds.

In 2015, of the total educational operations expenditure, £NIL was to unrestricted funds, £1,552,436 was to restricted funds £69,317 to restricted fixed asset funds.

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7. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	864,789	816,413
Teaching and educational support staff costs - NI	61,673	56,610
Teaching and educational support staff costs - pensions	157,859	132,586
LGPS pension interest cost (£38,000) Less return on assets (£19,000)	19,000	17,000
Educational supplies	37,470	41,897
Staff development	9,856	9,360
Educational consultancy	1,250	1,722
Other direct costs	27,628	27,326
Depreciation	63,515	51,988
Technology costs	30,311	36,712
	1,273,351	1,191,614
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	156,744	162,290
Support staff costs - NI	7,376	6,802
Support staff costs - pensions	25,880	32,765
Recruitment	5,687	2,317
Maintenance of premises and equipment	15,741	16,711
Cleaning	6,791	5,864
Rates	11,318	12,786
Insurance	25,789	31,183
Depreciation	21,172	17,329
Catering	69,704	64,699
Other support costs	26,773	43,371
Security and transport	2,257	3,881
Technology costs	1,026	2,210
Energy costs	22,633	19,620
Goverance	7,493	8,311
	406,384	430,139
	1,679,735	1,621,753

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8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- capitalised by the charity	84,687	69,317
Auditors' remuneration - audit	5,800	6,000
Auditors' remuneration - other services	660	2,311
Operating lease rentals	419	1,185
	<u>91,566</u>	<u>78,813</u>

9. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	1,027,056	978,703
Social security costs	69,049	63,412
Operating costs of defined benefit pension schemes	183,739	165,351
	<u>1,279,844</u>	<u>1,207,466</u>

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

	2016	2015
	No.	No.
Teachers	19	20
Admin and support	44	45
Management	1	1
	<u>64</u>	<u>66</u>

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

	2016	2015
	No.	No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teacher' Pension Scheme. During the year ended 31 August 2016 pension contributions for this staff member amounted to £11,860.

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 £298,920 (2015: £276,215)

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10. TRUSTEES' AND HEADTEACHER'S REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Trustees (2015 - 3) in respect of defined benefit pension schemes.

One or more Trustees and the Headteacher have been paid remuneration from an employment with the academy trust. The staff Trustees only receive remuneration in respect of services they provide undertaking the roles as staff members under their contracts of employment, and not in respect of their role as Trustees.

The value of Headteacher and Trustees' remuneration was as follows:

C Linnitt (Headteacher until 31 August 2016)

Remuneration £70,000 - £75,000 (2015: £70,000 - £75,000)

Employer's pension contributions £11,000 - £15,000 (2015: £10,000 - £15,000)

R Coleman (Staff Trustee)

Remuneration £20,000 - £25,000 (2015: £10,000 - £15,000 (part year))

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

L Aulton (Staff Trustee)

Remuneration £20,000 - £25,000 (2015: £30,000 - £35,000)

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

A Sinclair (Staff Trustee)

Remuneration £35,000 - £40,000 (2015: £20,000 - £25,000)

Employer's pension contributions £5,000 - £10,000 (2015: £0,000 - £5,000)

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

During the year ended 31 August 2016, expenses totalling £23 (2015 - £109) were reimbursed to 3 Trustees (2015 - 7).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £538 (2015 - £1,370).

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12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2015	3,451,493	38,540	43,037	3,533,070
Additions	388,278	1,340	19,999	409,617
At 31 August 2016	3,839,771	39,880	63,036	3,942,687
DEPRECIATION				
At 1 September 2015	152,471	6,473	18,309	177,253
Charge for the year	61,453	9,942	13,292	84,687
At 31 August 2016	213,924	16,415	31,601	261,940
NET BOOK VALUE				
At 31 August 2016	3,625,847	23,465	31,435	3,680,747
At 31 August 2015	3,299,022	32,067	24,728	3,355,817

The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at in the period ended 31 August 2013 using the EFA standard valuation on a depreciated replacement cost basis provided by the academy. This provided a fair value for the land and buildings as at the date of conversion.

13. STOCKS

	2016 £	2015 £
Classroom and other materials	1,483	157

14. DEBTORS

	2016 £	2015 £
Trade debtors	4,360	91
VAT recoverable	7,923	16,021
Prepayments and accrued income	11,017	11,642
	23,300	27,754

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15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
CIF loan	9,833	-
Trade creditors	-	4,564
Other taxation and social security	20,860	17,635
Other creditors	19,835	16,944
Accruals and deferred income	100,546	53,999
	<u>151,074</u>	<u>93,142</u>

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	40,908	43,603
Resources deferred during the year	48,034	40,908
Amounts released from previous years	(40,908)	(43,603)
Deferred income at 31 August 2016	<u>48,034</u>	<u>40,908</u>

The closing balance of deferred income balance relates to Universal Infant Free School Meal funding and income in relation to the LPAP LEEP project received in advance of the 2016/17 academic year in relation to the post year end period.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
CIF loans	<u>19,667</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	2016 £	2015 £
BETWEEN ONE AND TWO YEARS		
CIF loans	<u>9,834</u>	<u>-</u>
BETWEEN TWO AND FIVE YEARS		
CIF loans	<u>9,833</u>	<u>-</u>

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16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Other loans consists of a Condition Improvement Fund (CIF) loan for a roofing project for £29,500 as approved by the Education Funding Agency. The CIF loan attracts an interest rate of 1.69% and is repayable over 3 years commencing September 2016.

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

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General Funds	142,518	37,272	(8,789)	-	-	171,001
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	189,809	1,460,272	(1,417,056)	(101,699)	-	131,326
Pupil Premium	4,613	32,225	(36,838)	-	-	-
Other DfE/EFA grants	-	97,213	(91,606)	-	-	5,607
LPAP	1,750	9,985	(11,735)	-	-	-
LPAP - LEEP project income	2,301	2,436	(4,737)	-	-	-
PSA donations	-	625	(625)	-	-	-
LPAP rise project donation	-	6,000	(1,388)	-	-	4,612
Pension reserve	(513,000)	-	(43,000)	-	(150,000)	(706,000)
	<u>(314,527)</u>	<u>1,608,756</u>	<u>(1,606,985)</u>	<u>(101,699)</u>	<u>(150,000)</u>	<u>(564,455)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE/EFA capital grants	50,624	8,725	(12,153)	-	-	47,196
Capital Expenditure from GAG	53,889	-	(11,918)	20,856	-	62,827
Transfer from local authority	3,259,472	-	(59,376)	-	-	3,200,096
CIF - 4+extension	-	291,025	(1,240)	80,843	-	370,628
	<u>3,363,985</u>	<u>299,750</u>	<u>(84,687)</u>	<u>101,699</u>	<u>-</u>	<u>3,680,747</u>
Total restricted funds	<u>3,049,458</u>	<u>1,908,506</u>	<u>(1,691,672)</u>	<u>-</u>	<u>(150,000)</u>	<u>3,116,292</u>
Total of funds	<u><u>3,191,976</u></u>	<u><u>1,945,778</u></u>	<u><u>(1,700,461)</u></u>	<u><u>-</u></u>	<u><u>(150,000)</u></u>	<u><u>3,287,293</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 school's development and operational activities. The transfer from GAG relating 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 with in the year.

The DfE/EFA restricted funds grants consists of SEN Funding, Universal Infant Free School Meals Grant,

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17. STATEMENT OF FUNDS (continued)

EFA Training Grant, LEEP grant, LEA CCTV improvement grant, British Council of China and PE Sports Grant. The carried forward balance consists of PE Sports Grant of £408 and LEEP grant of £5,199.

The LPAP income relates to restricted income in respect of the Loughborough Primary Academy Partnership of which Holywell Primary School heads the collaboration. All funds have been spent in full within the year.

The LPAP - LEEP project income relates to restricted income in respect of a Loughborough Primary Academy Partnership project. All funds have been spent in full in the year.

The LPAP rise project income relates to restricted income in respect of the Loughborough Primary Academy Partnership project funded by the Leicestershire Education Excellence Partnership. The carried forward balance consists of unspent project income of £4,612.

The PSA donations figure of £625 consists of donations from the Holywell Primary School Parent Staff Association towards various educational costs incurred within the year. All funds have been spent in full in the year.

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

Restricted fixed assets

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

The transfer from Local Authority relates to the value of £3,259,472 (leasehold land and buildings plus moveable assets) transferred from the Local Authority to the academy on conversion. The closing balance relates to the net book value of the assets concerned.

The 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. The closing balance represents the net book value of the assets concerned.

The Condition Improvement Fund (CIF) relates to funding received in relation to building of a new 4+ building. The closing balance relates to the net book value of the assets concerned.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	3,680,747	3,680,747	3,355,817
Current assets	171,001	312,284	-	483,285	442,301
Current liabilities	-	(151,072)	-	(151,072)	(93,142)
Long term liabilities	-	(19,667)	-	(19,667)	-
Pension scheme liability	-	(706,000)	-	(706,000)	(513,000)
	<u>171,001</u>	<u>(564,455)</u>	<u>3,680,747</u>	<u>3,287,293</u>	<u>3,191,976</u>

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

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	245,317	(38,708)
Adjustment for:		
Depreciation charges	84,687	69,317
Interest receivable	(1,672)	(616)
(Increase)/decrease in stocks	(1,326)	37
Decrease in debtors	4,454	22,679
Increase/(decrease) in creditors	77,599	(51,329)
Capital grants from DfE and other capital income	(299,750)	(8,804)
Defined benefit pension cost less contributions payable	24,000	24,000
Defined benefit pension finance cost	19,000	17,000
Net cash provided by operating activities	<u>152,309</u>	<u>33,576</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	458,504	414,390
Total	<u>458,504</u>	<u>414,390</u>

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21. PENSION COMMITMENTS

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

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

Contributions amounting to £19,490 were payable to the schemes at 31 August 2016 (2015 - 16,994) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £96,687 (2015 - £82,801).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has

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21. PENSION COMMITMENTS (continued)

accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £79,000 (2015 - £74,000), of which employer's contributions totalled £62,000 (2015 - £58,000) and employees' contributions totalled £17,000 (2015 - £16,000). The agreed contribution rates for future years are 21.4 - 22.4% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Rate of increase in salaries	3.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %
Inflation assumption (CPI)	2.10 %	3.70 %
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:

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.6

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21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	468,000	310,000
Bonds	117,000	98,000
Property	58,000	51,000
Cash	6,000	9,000
	<hr/>	<hr/>
Total market value of assets	649,000	468,000
	<hr/>	<hr/>

The actual return on scheme assets was £19,000 (2015 - £16,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS102 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 period (i.e. as at 1 September 2015 for the year to 31 August 2016, or date of joining the fund if later).

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21. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(86,000)	(82,000)
Net interest cost	(19,000)	(17,000)
Total	<u>(105,000)</u>	<u>(99,000)</u>

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

	2016 £	2015 £
At 1 September	981,000	858,000
Current service cost	86,000	82,000
Interest cost	38,000	33,000
Employee contributions	17,000	16,000
Actuarial losses	239,000	9,000
Benefits paid	(6,000)	(17,000)
At 31 August	<u>1,355,000</u>	<u>981,000</u>

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

	2016 £	2015 £
At 1 September	468,000	394,000
Return on plan assets (excluding net interest on the net defined pension liability)	19,000	16,000
Actuarial gains and (losses)	89,000	1,000
Employer contributions	62,000	58,000
Employee contributions	17,000	16,000
Benefits paid	(6,000)	(17,000)
At 31 August	<u>649,000</u>	<u>468,000</u>

Sensitivity analysis

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

Change in assumptions as at 31 August 2016:	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	12 %	164,000
1 year increase in member life expectancy	3 %	41,000
0.5% increase in the Salary Increase Rate	4 %	60,000
0.5% increase in the Pension Increase Rate	7 %	99,000

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22. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	326	457
Between 1 and 5 years	680	-
Total	<u>1,006</u>	<u>457</u>

23. 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.

During the year the Academy paid £900 (2015 - £840) to Mrs H Needham, wife of Mr M Needham, Trustee, for pupils' music lessons. At the year end the amount owing was Nil (2015 - Nil).

During the year the Academy paid £226 (2015 - £38) to Mr D Linnit, husband of Mrs C Linnit, Headteacher, for safety equipment. At the year end the amount owing was Nil (2015 - Nil).

During the year the Academy paid £Nil (2015 - £3,000) to Roberts & Lyons, employers of Mr M Needham, Trustee, chain link fencing. At the year end the amount owing was Nil (2015 - Nil).

24. CONNECTED CHARITIES

Holywell Primary School Parent Staff Association raises money for the school and then, in line with its own board decisions, donates funds for particular projects, or assets for the benefit of the academy. The charity's net assets/reserves at 31 August 2016 were £9,928. The charity's gross income for the year to 31 August 2016 was £5,738, its expenditure was £732 and its surplus was £5,006.

25. 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.

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FOR THE YEAR ENDED 31 AUGUST 2016**

26. FIRST TIME ADOPTION OF FRS 102

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

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		3,238,684	3,191,976
Total funds reported under FRS 102		<u>3,238,684</u>	<u>3,191,976</u>

Reconciliation of net (expenditure)	Notes	31 August 2015 £
Net (expenditure) previously reported under UK GAAP		(31,708)
Change in recognition of LGPS interest cost	A	(7,000)
Net movement in income reported under FRS 102		<u>(38,708)</u>

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