

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017



HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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HOLYWELL PRIMARY SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	Mark Needham Claudia Foster David Donegani
Trustees	Mark Needham, Chair of Trustees Robert Seager, Chair Teaching & Learning Steven Christie, Chair Premises Leah Aulton (resigned 31 August 2017) David Donegani, Chair Finance & Personnel Beverley Fawdington (resigned 25 October 2016) Claudia Foster, Vice Chair of Governing Body Scott McKittrick (resigned 27 June 2017) Abigail Sinclair John Todd Julia Vermaak Rebecca Coleman Smita Jenna Elizabeth Chahal
Company registered number	08150822
Company name	Holywell Primary School
Principal and registered office	Berkeley Road Loughborough Leicester Leicestershire LE11 3SJ
Company secretary	Ann Barkley up to 31 August 2017 Vivienne Webb from 31 August 2017
Senior management team	Maria Ings, Headteacher Guy Stephenson, Deputy Headteacher Diane Williams, Assistant Headteacher
Independent auditors	Magma Audit LLP Chartered Accountants 340 Melton Road Leicester LE4 7SL
Bankers	Lloyds Bank Plc PO Box 1000 BX1 1LT

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

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

The trust operates 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 425 at 17th May 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The 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, effort or omissions whilst on Academy business. The cover under the policy is £3 million and in the period under review the sum of £538 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.

Organisational structure

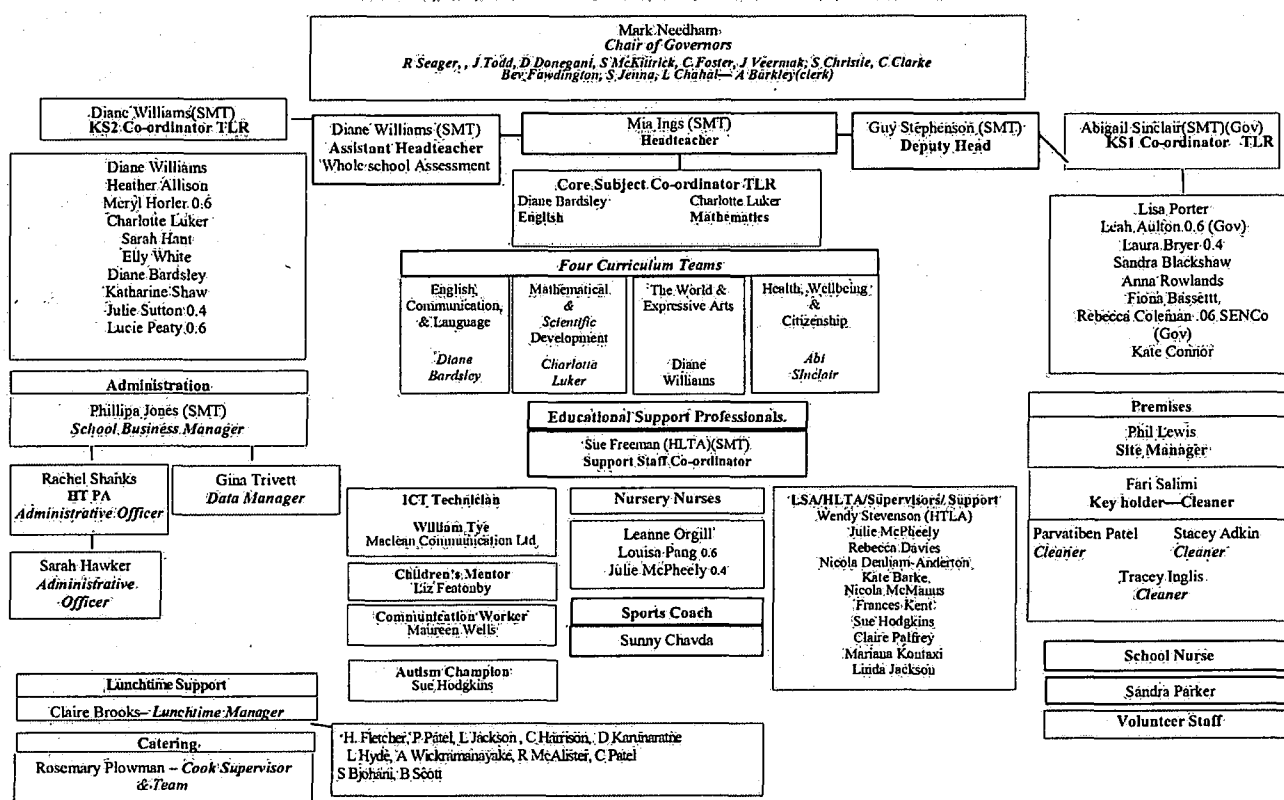
Day to day management of the school is by a very effective Senior Management Team (SMT), the members of which have undertaken specific training and continuous personal development (CPD). Please also refer to the organisational structure chart at the end of this document).

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

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.

ORGANISATIONAL PERSONNEL STRUCTURE 2016- 2017



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.

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

OBJECTIVES AND ACTIVITIES

Overview of the Priority Aims for 2016-17

'Independence, perseverance and resilience leading to success'

Effective Teaching and Learning

To further develop pupils' ability to approach work and other activities independently, to keep trying and not to 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 within the new curriculum. To continue to develop children's attitude towards growth mind-set, encouraging them to be hard working, persistent and resilient learners, and increase the number of children achieving mastery within their band. To further develop effective support mechanisms in EAL.

Mathematical and Scientific Development

To secure the staff understanding of the mastery curriculum which will raise standards and develop children's independence and responsibility.

Knowledge and Understanding of the World & Expressive Arts

To promote perseverance, independence and resilience through providing opportunities to develop and strengthen skills within the arts, craft and design technology.

Physical and Emotional wellbeing

To create well-rounded citizens by developing their skills of independence, perseverance and resilience.

Special Educational Needs and Disability

To ensure the early identification of pupils with SEND and the appropriate provision in order that pupils are supported in the best possible way to access the curriculum and school like and reach their potential.

Early Years Foundation Stage

To develop outstanding practice within the new EYFS base with an emphasis on working as one combined unit.

Whole School Assessment

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

ITT and Student Development

To provide Quality First Training for trainees and students.

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:-

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

Strategic Plan Review 2016 – 2017

Premises	Governor Review Statement
Priority aim 2016-2017: To maintain a safe, sustainable and effective learning space leading to a happy working environment.	
<ul style="list-style-type: none"> LPAP site managers' group continue to meet, and Mr Lewis is still finding this a very useful practice. This year one of the things they have done is to walk around one another's premises with health & safety in mind, pointing out any issues they consider worthy of comment. The new road layout within the perimeter of the school has shown itself to be very beneficial and staff are pleased with it. The idea of extending the hall is not considered a viable proposition for the foreseeable future, but we have very successfully created a room for Mr Lewis at very low cost by converting one of the store rooms at the side of the hall. He is very pleased with it and it enables him to work on jobs in his own environment without impacting on any other areas of the school. A new shared evening locking up service has been established, utilizing a number of staff in groups of two, increasing flexibility and ensuring that the burden doesn't fall on any one individual. Going forward this will be even more beneficial if lettings increase. <p>Main area of challenge: This year we have had to acknowledge the reducing income the school will be receiving, so a number of the potential projects have been removed from the plan if considered financially impossible and some have been moved onto an 'aspirational' footing. However, it is acknowledged that increased letting revenue would be an advantage to the school, so although costly, the establishment of an outside toilet block will still be pursued. We may investigate external funding streams to achieve this goal.</p>	
Standards	Governor Review Statement
Priority aim 2016-2017: 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. Mrs Ings' appointment as head teacher and Mr Stephenson's as deputy head are nearing the end of their first year. Our confidence in these appointments has been borne out as the year progressed and continued high standards and levels of success have been maintained. One very positive indicator of this is that usually at this time of year we are made aware of some teachers attending interviews at other schools, but this year no-one is looking elsewhere for alternative jobs! This speaks volumes for the stability and security the staff must be feeling and is a credit to Mrs Ings and Mr Stephenson and the school management team. High quality training continues to be provided for all staff members to ensure we remain equipped to meet the challenges faced in maintaining the high standards the school has set for itself. This year we have re-stated our Priority Aims and Mission and Value statements in a more modern format, giving a clear indication of how we intend to maintain the high standards Holywell is rightly known for. These will be displayed prominently around school and embedded in the psyche of staff and pupils throughout the coming months. <p>Main area of challenge: To ensure that age-related expectations are achieved in the core subjects for a high percentage of pupils and pupils in foundation stage attain a good level of development.</p>	
Curriculum	Governor Review Statement
Priority aim 2016-2017: To refine our assessment processes to meet the needs of the school, LPAP and the National Agenda.	

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

- Target tracker now being used for assessment of pupils' level of attainment.
- Diane Williams has worked hard with supporting staff during staff meetings. This has been of great benefit to the staff as individuals and the school as a whole.
- One of the big challenges this year has been the new-look SATs which have just been completed in school. These put a huge amount of pressure on staff and pupils, not just at the time of the tests, but throughout the year leading up to them.
- Links have been maintained with the schools in Chengdu in China with a visit there taking place during the Easter holidays. This served to prove that our teaching methods, which are very different to those in Chengdu, are robust and indeed the teaching staff on the ground there would be very keen to implement our methods if this were permitted by their government hierarchy.
- International week in the school was very successful.
- We continue to invest in new mathematics and reading tuition resources to maintain/improve the level of attainment throughout school.

Main area of challenge: To focus the use of available and ever-limited resources to achieve/maintain a high level of attainment across all school years and curriculum subjects, remembering always that this is the core purpose of our work in school.

Resources	Governor Review Statement
Priority aim 2016-2017: To ensure the school is effectively resourced to support both the learning and well-being needs of all stakeholders and demonstrates value for money.	
<ul style="list-style-type: none"> • School website being updated and will shortly have a new look. It will also include a platform for use by pupils at home. • Working party of governors recently undertook a review of procurement practices within school, shortly to be reported on and any findings implemented to ensure continued good practice and cost-effective purchasing procedures. • The school has had to take on a small number of extra pupils mid-term, making the total number on role 425 which is the highest ever. This plus the extra support required for some pupils adds to the pressure on available resources. • Support for other schools has continued within LPAP. • The educational psychologist employed within the LPAP group has proved useful to all group 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. 	
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 reducing in the coming years so good financial management will remain one of the most important elements of our management plans.	

Children	Governor Review Statement
Priority aim 2016-2017: To further develop children's independence, resilience and perseverance to enable them to do the best they can.	
<ul style="list-style-type: none"> • School was again oversubscribed this year – an indication of its continued success, but again all students living in catchment secured a place. • Students continue to be given opportunities to take responsibilities within school – good for confidence building. • Worker of the week reward scheme has been introduced. • Robust system in place for maintaining children's wellbeing, with an invaluable contribution to this aim being made by the children's mentor Liz Featonby. Further support provided by educational psychologist if required. • Focus on resilience in children continues and is now firmly embedded in the day to day routines of the school. 	
Main area of challenge: To maintain the focus across the school on giving all groups of children the best possible outcomes despite the challenges of reducing funding and resources and constantly changing curriculum expectations.	

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

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.

STRATEGIC REPORT

Achievements and performance

2016 - 2017 Data Report Holywell (unvalidated data)	2017 School Results	National data
Early Years Foundation Stage Good Level of Development 60 pupils	78.3%	69.3% (2016)
Year 1 Phonics Screening Check X pupils	90% (3 statements)	81% (2016)
Year 6 SAT Scaled Scores (school average)	Reading 110.08 Grammar, Punctuation, Spelling 112.7 Writing estimated scaled score 103.52 Maths 108.58	2017 104 106 104
SAT Results (EXS/100+) (TA – Teacher Assessment)	Reading 95% (TA) 98% (Test) Grammar, Punctuation and Spelling GPS (No TA) 100% (Test) Maths 90% (TA) 97% (Test) Combined 95% (with GPS) Combined 87% (with Writing)* Writing 90% (TA) (No Test)	71% 77% 75%
SAT Results (110+) Higher Level of Attainment	Reading 50% (Test) GPS 70% (Test) Maths 45% (Test) Writing 28% (TA)	76% 25% 31% 23%
60 pupils		18%

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 2017

FINANCIAL REVIEW

Financial review

The academy had a net increase in funds for the year ended 31 August 2017 of £26,541. As at 31 August 2017 the academy held £189,463 of unrestricted reserves plus £170,180 of unspent (non-fixed asset) restricted funds. The academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £359,643.

The academy trust had a pension deficit on their Local Government Pension Scheme of £641,000 at 31 August 2017 and a fixed asset reserve of £3,595,191 being the book value of past purchases.

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

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

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 2017 were £352,594 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 £20 PE Grant, £1,388 LEEP grant, £204 LPAP rise donation, plus £5,437 LPAP funding. Total available reserves, being both the above figures at 31 August 2017 were £359,643. Cash at bank plus longer term bank deposits included in current asset investments at 31 August 2017 were £47,491 higher than total available reserves due to PAYE/NI and pension costs for August 2017 being paid over in September 2017 plus other accruals adjustments.

At 31 August 2017 the academy's fixed asset reserve of £3,595,191 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 £641,000) 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 attitude to investment is only to hold cash reserves on deposit with UK banks covered by the Bank of England guarantee 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.

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.

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

1. Government funding

The academy has considerable reliance on continued government funding through the Education and Skills Funding Agency (ESFA) 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 its teaching staff and resources.

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

At 31 August 2017 the pension deficit on the Local Government Pension Scheme stood at £641,000. 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 2017-2021, which has been agreed by full governors (June 2017).

Funds held as custodian

No funds are held on behalf of others.

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

Auditors

The auditors, Magma Audit LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re appointing the auditors at a meeting of the Trustees.

The Trustees' Report was approved by order of the Board of Trustees, as the company directors, on 21 November 2017 and signed on its 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 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mark Needham	7	7
Steven Christie	6	7
Leah Aulton	7	7
David Donegani, Chair Finance & Personnel	7	7
Claudia Foster	6	7
Scott McKittrick	2	2
Abigail Sinclair	6	7
John Todd	4	7
Julia Vermaak	7	7
Rebecca Coleman	6	7
Smita Jenna	7	7
Elizabeth Chahal	6	7

- Changes in the composition of the Board are indicated on page 1 of the financial statements and all were of a routine nature.
- The Board's work was typical for a primary academy of its size and type, focusing on the improvement and maintenance of educational standards and on financial and general management. There were no unusual matters worthy of note dealt with by the Trustees during their work.
- A review of the Board's performance in the year is detailed below. Challenges encountered have been of a routine nature concerning finances, staff management and educational standards.
- The quality of data flowing to the Board is considered acceptable by Trustees based on their experience, their own observations, enquiries and judgements.

During the year two Governors have resigned and one resigned at the end of the school year.

Governance Reviews:

A major challenge this year was to review the financial viability of the school in the light of probable shrinking budgets in the future to ensure we are in as strong a financial position as possible for the future. This was undertaken by the school financial management team but then discussed at length with the Chair of Finance and Personnel, who in turn presented the facts to all governors.

We continue to make use of skills audits to make informed choices on uptake of available training.

Early this year it became apparent that our complaints policy was outdated and potentially not fit for purpose.

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GOVERNANCE STATEMENT (continued)

Therefore a full re-write of the policy was undertaken by the Chair of Governors. This is now complete and awaiting full ratification, after which it will be presented to the SMT so it can be put into general use.

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 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	2	6
David Donegani	5	6
Scott McKittrick	4	6
Mark Needham	5	6
Abigail Sinclair	6	6
John Todd	5	6
Elizabeth Chahal	5	6

Review of Value for Money

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

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

- 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council 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. In particular the checks carried out in the current period included:

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

On an annual basis, the internal auditor reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The latest internal audit visit was in June 2017. No material control issues were identified as a result of the internal auditor's review work.

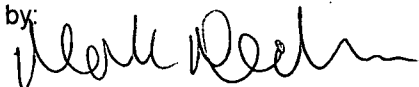
Review of Effectiveness

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:

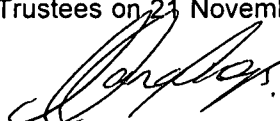
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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 Personnel Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 21 November 2017 and signed on their behalf,
by:



Mark Needham
Chair of Trustees



Maria Ings
Accounting Officer

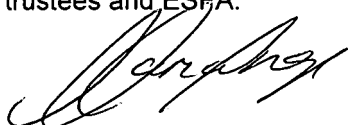
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Maria Ings
Accounting Officer

Date: 21 November 2017

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 21 November 2017 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**

Opinion

We have audited the financial statements of Holywell Primary School for the year ended 31 August 2017 which comprise the statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

Basis of opinion

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

Conclusions relating to going concern

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

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

Other information

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

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

Auditor's responsibilities for the audit of the financial statements

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

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



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Magma Audit LLP

Chartered Accountants
Statutory Auditors

340 Melton Road

Leicester

LE4 7SL

Date: 01/12/17

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 27 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Holywell Primary School during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- 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 ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HOLYWELL
PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

Conclusion

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

Magma Audit LLP

Magma Audit LLP
340 Melton Road
Leicester
LE4 7SL

Date: 01/12/17

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	579	3,839	8,725	13,143	306,989
Charitable activities	3	-	1,577,074	-	1,577,074	1,589,710
Other trading activities	4	22,654	10,000	-	32,654	47,407
Investments	5	1,252	-	-	1,252	1,672
TOTAL INCOME		24,485	1,590,913	8,725	1,624,123	1,945,778
EXPENDITURE ON:						
Raising funds		6,023	5,813	-	11,836	20,726
Charitable activities		-	1,630,354	91,392	1,721,746	1,679,735
TOTAL EXPENDITURE	6	6,023	1,636,167	91,392	1,733,582	1,700,461
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	18	18,462	(45,254)	(82,667)	(109,459)	245,317
		-	2,889	(2,889)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		18,462	(42,365)	(85,556)	(109,459)	245,317
Actuarial gains/(losses) on defined benefit pension schemes	22	-	136,000	-	136,000	(150,000)
NET MOVEMENT IN FUNDS		18,462	93,635	(85,556)	26,541	95,317
RECONCILIATION OF FUNDS:						
Total funds brought forward		171,001	(564,455)	3,680,747	3,287,293	3,191,976
TOTAL FUNDS CARRIED FORWARD		189,463	(470,820)	3,595,191	3,313,834	3,287,293

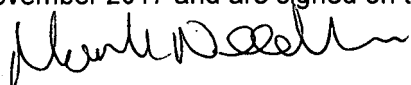
The notes on pages 24 to 44 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		3,595,191		3,680,747
CURRENT ASSETS					
Stocks	13	5,097		1,483	
Debtors	14	36,124		23,300	
Investments	15	65,000		-	
Cash at bank and in hand		342,134		458,504	
		<u>448,355</u>		<u>483,287</u>	
CREDITORS: amounts falling due within one year	16	(88,712)		(151,074)	
NET CURRENT ASSETS			<u>359,643</u>		<u>332,213</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,954,834</u>		<u>4,012,960</u>
CREDITORS: amounts falling due after more than one year	17		-		(19,667)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>3,954,834</u>		<u>3,993,293</u>
Defined benefit pension scheme liability	22	(641,000)			(706,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>3,313,834</u></u>		<u><u>3,287,293</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income fund	18	170,180		141,545	
Fixed asset fund	18	3,595,191		3,680,747	
		<u>3,765,371</u>		<u>3,822,292</u>	
Restricted funds excluding pension liability					
Pension reserve		(641,000)		(706,000)	
		<u></u>		<u></u>	
Total restricted funds			3,124,371		3,116,292
Unrestricted income funds	18		189,463		171,001
TOTAL FUNDS			<u><u>3,313,834</u></u>		<u><u>3,287,293</u></u>

The financial statements on pages 21 to 44 were approved by the Trustees, and authorised for issue, on 21 November 2017 and are signed on their behalf, by:



Mark Needham
Chair of Trustees

The notes on pages 24 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 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	<u>(46,786)</u>	<u>152,309</u>
Cash flows from investing activities:			
Interest received		1,252	1,672
Purchase of tangible fixed assets		(5,836)	(409,617)
Capital grants from DfE and other capital income		-	299,750
Cash held in investments		<u>(65,000)</u>	<u>-</u>
Net cash used in investing activities		<u>(69,584)</u>	<u>(108,195)</u>
Change in cash and cash equivalents in the year		(116,370)	44,114
Cash and cash equivalents at 1 September 2016		<u>458,504</u>	<u>414,390</u>
Cash and cash equivalents at 31 August 2017	21	<u><u>342,134</u></u>	<u><u>458,504</u></u>

The notes on pages 24 to 44 form part of these financial statements.

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

1.2 FUND ACCOUNTING

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

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

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

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

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants. 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 using the ESFA standard valuation on a depreciated replacement cost basis provided to the academy. This provided a value for the land and buildings as at the date of conversion.

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

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

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

All expenditure is inclusive of irrecoverable VAT.

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 and are carried at cost, net of depreciation and any provision for impairment.

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

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.7 OPERATING LEASES

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

1.8 STOCKS

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

1.9 CASH AT BANK AND IN HAND

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

1.10 CURRENT ASSET INVESTMENTS

Current asset investments are cash or cash equivalents with a maturity date of less than one year valued at fair value.

1.11 LIABILITIES AND PROVISIONS

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

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

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.13 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.

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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 2017

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.

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	579	3,839	-	4,418	7,239
Capital grants	-	-	8,725	8,725	299,750
	<u>579</u>	<u>3,839</u>	<u>8,725</u>	<u>13,143</u>	<u>306,989</u>
<i>Total 2016</i>	<u>614</u>	<u>6,625</u>	<u>299,750</u>	<u>306,989</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,420,251	1,420,251	1,460,271
Other DfE/ESFA grants	-	113,931	113,931	108,004
	<u>-</u>	<u>1,534,182</u>	<u>1,534,182</u>	<u>1,568,275</u>
<i>Total 2016</i>	<u>-</u>	<u>1,589,710</u>	<u>1,589,710</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings income	13,569	-	13,569	11,235
LPAP income	-	10,000	10,000	9,985
Other income	2,218	-	2,218	2,355
Triple S Club	6,867	-	6,867	5,021
Headteachers board income	-	-	-	16,375
LEEP project income	-	-	-	2,436
	<u>22,654</u>	<u>10,000</u>	<u>32,654</u>	<u>47,407</u>
<i>Total 2016</i>	<u>34,986</u>	<u>12,421</u>	<u>47,407</u>	

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

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	1,252	-	1,252	1,672
	<u>1,252</u>	<u>-</u>	<u>1,252</u>	<u>1,672</u>
<i>Total 2016</i>	<u>1,672</u>	<u>-</u>	<u>1,672</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	3,740	-	8,096	11,836	20,726
Educational Operations:					
Direct costs	1,136,380	68,544	97,929	1,302,853	1,273,351
Support costs	206,568	97,133	115,192	418,893	406,384
	<u>1,346,688</u>	<u>165,677</u>	<u>221,217</u>	<u>1,733,582</u>	<u>1,700,461</u>
<i>Total 2016</i>	<u>1,279,844</u>	<u>175,803</u>	<u>244,814</u>	<u>1,700,461</u>	

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7. CHARITABLE ACTIVITIES

	Total funds 2017 £	Total funds 2016 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	860,906	864,789
Teaching and educational support staff costs - NI	72,108	61,673
Teaching and educational support staff costs - pensions	203,366	157,859
LGPS pension interest cost (£28,000) Less return on assets (£14,000)	14,000	19,000
Educational supplies	37,735	37,470
Staff development	8,717	9,856
Other direct costs	4,815	28,878
Depreciation	68,544	63,515
Technology costs	32,662	30,311
	<u>1,302,853</u>	<u>1,273,351</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	168,278	156,744
Support staff costs - NI	9,195	7,376
Support staff costs - pensions	29,095	25,880
Maintenance of premises and equipment	17,386	15,741
Cleaning	8,736	6,791
Rates	10,573	11,318
Insurance	28,301	25,789
Depreciation	22,848	21,172
Catering	61,707	69,704
Other support costs	30,171	34,717
Technology costs	3,372	1,026
Energy costs	21,269	22,633
Governance	7,962	7,493
	<u>418,893</u>	<u>406,384</u>
	<u><u>1,721,746</u></u>	<u><u>1,679,735</u></u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- capitalised by the charity	91,392	84,687
Auditors' remuneration - audit	5,800	5,800
Auditors' remuneration - other services	765	660
Operating lease rentals	326	419
	<u><u>98,283</u></u>	<u><u>91,566</u></u>

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

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,032,924	1,027,056
Social security costs	81,303	69,049
Operating costs of defined benefit pension schemes	232,461	183,739
	<u>1,346,688</u>	<u>1,279,844</u>

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

	2017 No.	2016 No.
Teachers	21	19
Admin and support	43	44
Management	1	1
	<u>65</u>	<u>64</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	0	1

The above employee participated in the Teacher' Pension Scheme. During the year ended 31 August 2017 pension contributions for this staff member amounted to £10,008 (2016: £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 £282,617 (2016: £298,920). These figures include salary costs of all Trustees employed by the academy, even where they have no management role within their employment.

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

10. TRUSTEES' AND HEADTEACHER'S REMUNERATION AND EXPENSES

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 of 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:

M Ings (Headteacher)

Remuneration £60,000 - £65,000

Employer's pension contributions £10,000 - £15,000

R Coleman (Staff Trustee)

Remuneration £20,000 - £25,000 (2016: £20,000 - £25,000)

Employer's pension contributions £0,000 - £5,000 (2016: £0,000 - £5,000)

L Aulton (Staff Trustee)

Remuneration £20,000 - £25,000 (2016: £20,000 - £25,000)

Employer's pension contributions £0,000 - £5,000 (2016: £0,000 - £5,000)

A Sinclair (Staff Trustee)

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

Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

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

During the year ended 31 August 2017, expenses totalling £33 (2016 - £23) were reimbursed to 1 Trustee (2016 - 3).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2017 was £538 (2016 - £538).

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

12. TANGIBLE FIXED ASSETS

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2016	3,839,771	39,880	63,036	3,942,687
Additions	-	4,566	1,270	5,836
At 31 August 2017	<u>3,839,771</u>	<u>44,446</u>	<u>64,306</u>	<u>3,948,523</u>
DEPRECIATION				
At 1 September 2016	213,924	16,415	31,601	261,940
Charge for the year	67,651	10,214	13,527	91,392
At 31 August 2017	<u>281,575</u>	<u>26,629</u>	<u>45,128</u>	<u>353,332</u>
NET BOOK VALUE				
At 31 August 2017	<u>3,558,196</u>	<u>17,817</u>	<u>19,178</u>	<u>3,595,191</u>
At 31 August 2016	<u>3,625,847</u>	<u>23,465</u>	<u>31,435</u>	<u>3,680,747</u>

See note 1.3 regarding assets transferred on conversion

13. STOCKS

	2017 £	2016 £
Classroom and other materials	<u>5,097</u>	<u>1,483</u>

14. DEBTORS

	2017 £	2016 £
DUE WITHIN ONE YEAR		
Trade debtors	2,387	4,360
VAT recoverable	7,178	7,923
Prepayments and accrued income	26,559	11,017
	<u>36,124</u>	<u>23,300</u>

15. CURRENT ASSET INVESTMENTS

	2017 £	2016 £
Unlisted investments (liquid)	<u>65,000</u>	<u>-</u>

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

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
CIF loan	-	9,833
Other taxation and social security	20,574	20,860
Other creditors	21,680	19,835
Accruals and deferred income	46,458	100,546
	<u>88,712</u>	<u>151,074</u>

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	48,034	40,908
Resources deferred during the year	41,934	48,034
Amounts released from previous years	(48,034)	(40,908)
	<u>41,934</u>	<u>48,034</u>
Deferred income at 31 August 2017	<u>41,934</u>	<u>48,034</u>

The closing balance of deferred income balance relates to Universal Infant Free School Meal funding received in advance of the 2017/18 academic year in relation to the post year end period.

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

	2017 £	2016 £
CIF loans	-	19,667
	<u>-</u>	<u>19,667</u>

Included within the above are amounts falling due as follows:

	2017 £	2016 £
BETWEEN ONE AND TWO YEARS		
CIF loans	-	9,834
	<u>-</u>	<u>9,834</u>
BETWEEN TWO AND FIVE YEARS		
CIF loans	-	9,833
	<u>-</u>	<u>9,833</u>

Other loans consists of a Condition Improvement Fund (CIF) loan for a classroom extension for £29,500 as approved by the Education and Skills Funding Agency. The CIF loan was repaid in one payment in the year.

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
General Funds	171,001	24,485	(6,023)	-	-	189,463
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	131,326	1,420,251	(1,390,085)	1,639	-	163,131
Pupil premium	-	32,244	(32,244)	-	-	-
Other DfE/ESFA grants	5,607	124,579	(128,778)	-	-	1,408
LPAP	-	10,000	(5,813)	1,250	-	5,437
PSA donations	-	3,839	(3,839)	-	-	-
LPAP rise project donation	4,612	-	(4,408)	-	-	204
Pension reserve	(706,000)	-	(71,000)	-	136,000	(641,000)
	<u>(564,455)</u>	<u>1,590,913</u>	<u>(1,636,167)</u>	<u>2,889</u>	<u>136,000</u>	<u>(470,820)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE/ESFA capital grants	47,196	8,725	(13,802)	-	-	42,119
Capital Expenditure from GAG	62,827	-	(10,750)	(2,889)	-	49,188
Transfer from local authority	3,200,096	-	(59,403)	-	-	3,140,693
CIF - 4+extension	370,628	-	(7,437)	-	-	363,191
	<u>3,680,747</u>	<u>8,725</u>	<u>(91,392)</u>	<u>(2,889)</u>	<u>-</u>	<u>3,595,191</u>
Total restricted funds	<u>3,116,292</u>	<u>1,599,638</u>	<u>(1,727,559)</u>	<u>-</u>	<u>136,000</u>	<u>3,124,371</u>
Total of funds	<u>3,287,293</u>	<u>1,624,123</u>	<u>(1,733,582)</u>	<u>-</u>	<u>136,000</u>	<u>3,313,834</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 to close the gaps between them and their peers. All funds have been spent in full with in the year.

The DfE/ESFA restricted funds grants consists of SEN Funding, Universal Infant Free School Meals Grant, LEEP grant and PE Sports Grant. The carried forward balance consists of PE Sports Grant of £20 and LEEP grant of £1,388.

The LPAP income relates to restricted income in respect of the Loughborough Primary Academy

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

Partnership of which Holywell Primary School heads the collaboration. The carried forward balance consists of unspent income of £5,437.

The LPAP rise project is 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 £204.

The PSA donations figure of £3,839 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/ESFA 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 2017.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,595,191	3,595,191
Current assets	189,463	258,892	-	448,355
Current liabilities	-	(88,712)	-	(88,712)
Pension scheme liability	-	(641,000)	-	(641,000)
	<u>189,463</u>	<u>(470,820)</u>	<u>3,595,191</u>	<u>3,313,834</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(109,459)	245,317
Adjustments for:		
Depreciation charges	91,392	84,687
Interest receivable	(1,252)	(1,672)
Increase in stocks	(3,614)	(1,326)
(Increase)/decrease in debtors	(12,824)	4,454
(Decrease)/increase in creditors	(82,029)	77,599
Capital grants from DfE and other capital income	-	(299,750)
Defined benefit pension scheme cost less contributions payable	57,000	24,000
Defined benefit pension scheme finance cost	14,000	19,000
Net cash (used in)/provided by operating activities	(46,786)	152,309

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	342,134	458,504
Total	342,134	458,504

22. PENSION COMMITMENTS

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

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

Contributions amounting to £21,680 were payable to the schemes at 31 August 2017 (2016 - £19,490) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £102,742 (2016 - £96,687).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £90,000 (2016 - £79,000), of which employer's contributions totalled £71,000 (2016 - £62,000) and employees' contributions totalled £19,000 (2016 - £17,000). The agreed contribution rates for future years are 22.4 - 23.4% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.40 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	2.40 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

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

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

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	687,000	468,000
Corporate bonds	205,000	117,000
Property	82,000	58,000
Cash	51,000	6,000
Total market value of assets	1,025,000	649,000

The actual return on scheme assets was £14,000 (2016 - £19,000).

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

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

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

	2017 £	2016 £
Current service cost	(128,000)	(86,000)
Interest income	14,000	19,000
Interest cost	(28,000)	(38,000)
Total	(142,000)	(105,000)

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

	2017 £	2016 £
At 1 September	1,355,000	981,000
Current service cost	128,000	86,000
Interest cost	28,000	38,000
Employee contributions	19,000	17,000
Actuarial losses	144,000	239,000
Benefits paid	(8,000)	(6,000)
Closing defined benefit obligation	1,666,000	1,355,000

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

	2017 £	2016 £
At 1 September	649,000	468,000
Interest income	14,000	19,000
Actuarial losses	280,000	89,000
Employer contributions	71,000	62,000
Employee contributions	19,000	17,000
Benefits paid	(8,000)	(6,000)
Closing fair value of scheme assets	1,025,000	649,000

Sensitivity analysis

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

Change in assumptions as at 31 August 2017:	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	12 %	202,000
0.5% increase in the Salary Increase Rate	3 %	44,000
0.5% increase in the Pension Increase Rate	9 %	154,000

HOLYWELL PRIMARY SCHOOL
(A company limited by guarantee)

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

23. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	326	326
Between 1 and 5 years	340	680
Total	<u>666</u>	<u>1,006</u>

24. 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 £930 (2016 - £900) 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).

25. 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 2017 were £11,445 (2016 - £9,928). The charity's gross income for the year to 31 August 2017 was £5,804 (2016 - £5,738), its expenditure was £3,839 (2016 - £732) and its surplus was £1,965 (2016 - £5,006).

26. 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.