

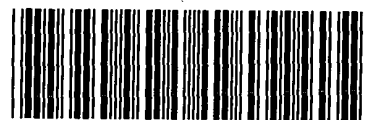
Registered number: 08177570 (England and Wales)

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

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ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

The Diocese of Birmingham Educational Trust
The Birmingham Diocesan Board of Finance
The Archdeacon of Birmingham

Governors

Mr D Bagley¹
Mrs J Booker, Headteacher (appointed 1 September 2015, resigned 31 August 2016)
Ms M Edwards
Ms E Grice, Headteacher & Accounting Officer (appointed 1 September 2016)
Canon. B Hall, Chair of Governors¹
Mr N Hoque
Ms P Houlden
Mr J Sampson¹
Ms M Squires
Ms A Sturridge-Packer, Executive Headteacher (resigned 31 March 2016)¹

¹ Finance/Audit Committee

Company registered number

08177570

Company name

St Michael's C of E Primary Academy

Principal and registered office

Piers Road
Handsworth
Birmingham
B21 0UX

Senior management team

Ms E Grice, Head Teacher (Appointed 1 September 2016)
Ms J Sulvarna-Hall, Deputy Head Teacher
Mrs J Booker, Head Teacher (Resigned 31 August 2016)

Independent auditor

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

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

Advisers (continued)

Solicitors

Birmingham City Council Solicitors
Legal and Democratic Services
Birmingham City Council
PO Box 15992
Birmingham
West Midlands
B2 2UQ

Irwin Mitchell Solicitors
Imperial House
31 Temple Street
Birmingham
West Midlands
B2 5DB

Bankers

Lloyds Bank
PO Box 1000
Andover
BX1 1LT

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The charity operates an academy for pupils aged 3 to 11 serving a catchment area in Handsworth, Birmingham. It has a pupil capacity of 210 and had a roll of 164 in the school census from January 2016. Our pupils are drawn from families living within the Parish and worshipping at St Michael's Church, and from the local area in accordance with our published admission criteria.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy Trust is a charitable 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 St Michael's C of E Primary Academy, Handsworth are also the directors of the charitable company for the purpose of company law. Members delegate responsibility to the Governors for the charitable activities of St Michael's C of E Primary Academy, Handsworth.

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

The full Governing Body meets at least once a term. The work of the Governing Body is delegated to sub committees that are formerly constituted with terms of reference, namely:

- Finance Committee
- Standards Committee
- Resources Committee

The sub committees meet at least termly and the Chairs of these committees report back to the full Governing Body meetings.

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.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

GOVERNORS' INDEMNITIES

The Academy Trust purchases indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust; provided that any insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as directors of the Academy Trust.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The management of the Academy Trust is the responsibility of the Governors who are elected and co-opted under the terms of the Trust deed.

The Academy Trust shall have the following Governors:

- a) The Head Teacher
- b) 2 co-opted Governors
- c) 2 parent Governors
- d) 3 foundation Governors

The Head Teacher is an ex-officio Governor.

The Diocesan Board of Education may decide to co-opt additional members or the Academy trust may make this decision in conjunction with the Diocesan board of Education.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The academy purchases support from the Birmingham School and Governor Support at Birmingham LA. Support is also offered from Birmingham Diocesan Board of Education who provides regular courses and training for governors. This all enhances and supports the in-house induction and training programme. Courses and training are also offered by Birmingham LA and other training providers and the Clerk informs each governor about these. Governors are kept up to date with their legislative obligations and best practice through the above support services and by the Clerk to the Governing Body.

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

ORGANISATIONAL STRUCTURE

The Governing Body is responsible for all major decisions about the Academy. The Governing Body has been subject to a Governors review by the governance forum and appropriate actions have been taken as a result of this review. The Governing Body is responsible for setting all policies covering Personnel, Health & Safety, Curriculum and Financial aspects of the work of the Academy and monitors this. It receives regular reports from the Senior Leadership Team, including budget allocation and expenditure and other data updates including teaching and learning and achievement and standards.

It is the duty of the Governing Body to nominate and appoint a responsible officer for the purposes of making periodic checks on the academy's systems, controls and financial transactions.

The Responsible Officer reports to the Governing Body who approves the Statutory Accounts. The levels of authorisation of budget spend are detailed in the 'Head Teacher Delegation Statement' reviewed annually by the Governing Body.

The day to day management of the academy is delegated by the Governing Body to the Executive Head Teacher supported by the Senior Leadership Team which comprises: Head Teacher, Deputy Head Teacher and finance support from DRB Management.

The initial School Improvement Plan is drawn up by the Head Teacher working with the Senior Leadership Team. The draft plan is reviewed and approved by the full Governing Body. The Curriculum Committee reviews the progress of the plan as part of their regular work. The Finance Committee reviews the environmental and building part of the School Development Plan.

As a primary school, a high percentage of the academy's expenditure relates to staffing. The staffing structure is determined by the Governing Body working with the Executive Head Teacher.

The School Improvement Plan and the staffing structure then inform the Academy budget. The Head Teacher is the Accounting Officer and responsible for the day to day management of the academy.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

Working in the academy sector St Michael's C of E Primary Academy, Handsworth believes that it is important to be transparent about pay levels of its key management personnel and how those salaries are set. Our salaries are benchmarked against similar roles in the academy sector. The academy generally uses a recognised pay scale for the sector, however some flexibility is applied to take into consideration the specific requirements for each post and ensure we can recruit and retain the best people for the role with both the skills required and the passion for the service. This process is reviewed and confirmed by the pay committee.

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

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

There are no related parties which either control or significantly influence the decisions and operations of St Michael's C of E Primary Academy apart from the Diocesan Board of Education which acts as sponsor and DRB which provides financial management assistance.

The Academy works with many school networks both within the Birmingham LA and Birmingham Diocese to further the principal activities of the Academy.

The Academy Trust is sponsored by the Birmingham Diocesan Board of Education via its academy sponsor trust – Diocese of Birmingham Educational Trust. The sponsor supports the Academy Trust through the implementation of the Diocesan School Effectiveness Strategy and Framework for School Improvement. This includes amongst other things, the provision of support and challenge for school evaluation and planning for improvement thoroughly termly Challenge Advisor visits, assistance in strategic planning and reporting, the provision of enhanced responsible officer role, provision of a rigorous accountability framework through scrutiny of school improvement (pupil led and financial) outcomes.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The principal object and activity of the charitable company is the operation of St Michael's C of E Primary Academy, Handsworth to provide education and care for pupils of different abilities between the ages of 4 and 11.

In accordance with the Articles of Association the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things:

- That the school has a curriculum satisfying the requirement of section 78 of EA 2002 (balanced and broadly based curriculum) including English, mathematics and science;
- the school shall make Provision for the teaching of religious education and provide a daily act of collective worship;
- that it provides education for pupils of different abilities;
- that it provides education for pupils who live and worship in the parish of St Michael's as laid out in our admission criteria;
- it also provides education for pupils who live within the area of the school.

The Aims of the academy during the period ended 31 August 2016 are summarised below.

St Michael's C of E Academy Handsworth Mission Statement is:

Mission Statement & Aims

At St Michael's School we work together to create excellence. We encourage children to achieve their full potential in terms of academic attainment and personal, social, spiritual and moral development. We aim to achieve this within a Christian ethos, which encourages respect for and understanding of different faiths and cultures.

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

Ethos Statement

Recognising its historic foundation, the school will preserve and develop its religious character in accordance with the principles of the Church of England its partnership with the church parish and the Diocese.

The school aims to serve its multi-faith community by providing an education of the highest quality within the context of Christian belief and practice. It encourages an understanding of the meaning and significance of faith and promotes Christian values through the experience it offers to all its pupils.

At St Michael's we believe everyone thrives in a happy, secure and caring environment. It is an essential part of our Christian ethos that peace, love and caring for others should be the core values that everyone respects and agrees. We believe that education, strengthened by faith, is the vehicle with which children can achieve their full potential

School Culture

At St Michael's we aim to provide opportunities and experiences for everyone to learn and develop their social, creative and academic skills within a motivating and stimulating church school ethos and environment.

We aim to:

- Foster an environment that is enriched spiritually, morally and socially through the Christian faith;
- Value each child as an individual, regardless of faith, ability, gender or ethnicity;
- Nurture children to be polite, respectful and considerate towards one another;
- Offer a range of opportunities and experiences to develop their confidence, self-esteem and independence;
- Encourage each child to fulfil their individual potential within all areas of the curriculum;
- Promote knowledge and understanding through a secure, stimulating and enriched environment;
- Create a broad educational experience that is enriched both morally and spiritually through partnership with staff, governors, parents, the local community, parishes of St Michael's and Birmingham Diocese;
- To enable each child to value themselves and have aspirations for the future;
- To recognise everyone's place in the wider community.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The Academy Self Evaluation identified specific School Development focuses for this year including the following:

- To continue to improve pupil outcomes in Reading, Writing and Mathematics.
- To continue to ensure that all teachers consistently provide tasks that are closely matched to the learning needs of all groups of pupils.
- To continue to increase the proportion of consistently good or better teaching across different subjects.
- To develop new curriculum requirements alongside cementing our ethos as a Church school

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

PUBLIC BENEFIT

We have referred to the guidance contained in the Charity Commissions' general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

At St Michaels we believe everyone thrives in a happy, secure and caring environment. It is an essential part of our Christian ethos that peace, love and caring for others should be the core values that everyone respects and agrees. We believe that education, strengthened by faith, is the vehicle with which children can achieve their full potential.

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

ACHIEVEMENTS AND PERFORMANCE

KEY PERFORMANCE INDICATORS

Our key achievements in 2016 with comparatives to previous years and national benchmarks are as follows:

EYFS – GLD

2015	2016
78%	83%

Year 1 Phonics

2015	2016
59%	84%

Key stage 1 SATs

2015 Reading 2c +	Reading 2b+	Reading 2a+	Reading L3
95%	81%	63%	23%

2015 Writing 2c +	Writing 2b+	Writing 2a+	Writing L3
95%	83%	60%	23%

2015 Maths 2c +	Maths 2b+	Maths 2a+	Maths L3
95%	64%	50%	27%

2016

Subject	% working within TA framework	% working at expected level	% working at a deeper level
Reading	82%	75%	0%
Writing	88%	67%	0%
Maths	96%	88%	0%

Key stage 2 SATs

2015

Reading 4+ Test	Reading 4b+ Test	Reading 5+ Test
82%	82%	53%

Writing 4+ TA	Writing 4b+ TA	Writing 5+ TA
88%	88%	47%

Maths 4+ Test	Maths 4b+ Test	Maths 5+ Test
70%	70%	35%

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

SPAG 4+ Test	SPAG 5+ Test
77%	53%

Rd/Wr/Ma Combined 4+ (excl Sp&G)	Rd/Wr/Ma Combined 5+ (excl Sp&G)
71%	29%

Reading: Expected Prog + from KS1	Writing: Expected Prog +from KS1	Maths: Expected Prog+ from KS1
100%	100%	77%

Reading: More than Expected Prog from KS1	Writing: More than Expected Prog from KS1	Maths: More than Expected Prog from KS1
77%	82%	77%

2015 - This year has seen the positive impact of writing intervention on both L4 and L5's in writing. Expected and better than expected progress from KS1 -2 is in line with or above national with 100% of pupils attaining at least expected progress in both reading and writing. The percentage of pupils attaining a good level of development in the Early Years also increased on the previous year. The percentage of pupils achieving a Level 5 in R,W,M also increased.

2016

Subject	% working at expected level	% working at a deeper level
Reading	48%	3%
Writing	72%	0%
Maths	45%	0%

Rd/Wr/Ma Combined ARE
34%

Pupil numbers are currently 171.

Year Group	Number on roll	Waiting list of (inductions in process for those still wanting a place)
R	23	26
1	26	14
2	23	32
3	24	36
4	24	26
5	22	19
6	29	14

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

GOING CONCERN

After making appropriate enquiries, the board of Governors 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. The Academy are mindful of taking appropriate actions to ensure a balanced budget in light of reduced pupil numbers.

FINANCIAL REVIEW

The main sources of income for the Academy are grants from the Department of Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for capital expenditure from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the period ended 31 August 2016, total recurrent grant funding from the DfE together with other incoming resources contributed towards expenditure of £1,182,919. The deficit of income over expenditure for the year (excluding restricted fixed asset funds) was 61,633. These figures exclude the deficit on the Local Government Pension Scheme (see note 19 to the accounts)

At 31 August 2016 the net book value of fixed assets was £2,026,583 and movements in tangible fixed assets are shown in note 12 to the financial statements the assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

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

RESERVES POLICY

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy is holding reserves at 31 August 2016 of 1,729,884.

Restricted Funds Deficit of £385,609
Unrestricted funds of £88,910
Restricted Fixed Asset Funds of £2,026,583

Restricted Funds comprises:

£39,391 general funds to support the academy's budget in 2016-2017
£425,000 is the deficit on the defined benefit pension scheme.

The free reserves of the Academy are £128,301 at 31 August 2016.

The trustees regularly review the level of reserves and aim to maintain them at a minimum of 1 month's of expenditure. Budgeted expenditure for 2016/17 is £1,157,380 and hence the minimum target is £ 96,448. Free reserves at 31 August 2016 therefore represent approximately one and a half months expenditure.

INVESTMENTS POLICY

The Governing Body is responsible for setting investment policy. This day to day responsibility for managing this function is the responsibility of the Headteacher. There are no material investments held by the academy.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the operational areas of the site and facilities, of teaching and the finances. The Governors have implemented a system to assess risks that the school faces, especially in the operational areas which includes teaching, health and safety and in relation to the control of finance. The Governors have introduced systems, including operational procedures and internal financial controls, in order to minimise risk.

The principal financial risk facing the Academy is that funding is dependent upon pupil numbers. Pupil numbers are currently healthy. Governors do not currently consider these to be a high risk. However Governors are increasing pupil numbers in liaison with the LA and are exploring opening a Nursery class to impact positively on pupil numbers.

The Academy's future funding is also dependent upon Government Policy for Education. The impact on St Michaels Primary Academy of any review of Schools' Funding will be assessed accordingly.

The Local Government Pension Scheme, a defined benefit scheme, is currently in deficit. The on-going contributions required, determined following a recent actuarial valuation, are considered to be manageable and within the academy's budget.

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

PLANS FOR FUTURE PERIODS

FUTURE DEVELOPMENTS

Governors recognise the impact of the learning environment on the levels of pupil achievements and continue to develop and improve the teaching, learning and whole school environment in a continually evolving education system. They actively seek to improve the school building and space available for pupils.

Governors are committed to support and challenge the academy in order to maintain the extremely high levels of achievement the pupils currently attain.

FUNDS HELD AS CUSTODIAN

There are no Funds held as Custodian Trustee on behalf of others.

DISCLOSURE OF INFORMATION TO AUDITOR

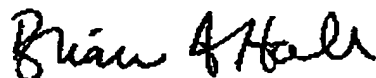
Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- So far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

AUDITOR

The auditor, Crowe Clark Whitehill LLP, has indicated its willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditor at a meeting of the Governors.

This report, incorporating the Strategic Report, was approved by order of the board of Governors, as the company directors, on 5 December 2016 and signed on the board's behalf by:



Canon Reverend Brian Hail
Chair of Governors

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that St Michael's C of E Primary Academy, Handsworth 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 Governors has delegated the day-to-day responsibility to the Head Teacher, 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 St Michael's C of E Primary Academy, Handsworth and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The board of Governors has formally met 7 times during the year.

Attendance during the year at meetings of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mr D Bagley	6	7
Mrs J Booker, Headteacher	7	7
Ms M Edwards	7	7
Canon. B Hall, Chair of Governors	7	7
Mr N Hoque	0	7
Ms F Houlden	5	7
Mr J Sampson	4	7
Ms M Squires	2	7
Ms A Sturridge-Packer, Executive Headteacher	2	2

Governance reviews:

In April 2014, the Governing Body took part in a Governance review through the Governance Forum to undertake a diagnostic assessment of Governance and establish a development plan for further improvement. The assessment demonstrated that the Governing Body was operating successfully at Level 1 of the assessment scale and is close to a Level 2, (Resources, Competency and Execution) demonstrating that the academy has systems and processes in place to meeting its legal and statutory requirements and governance best practice statements. A self evaluation review will be undertaken in the Autumn term.

The Finance/Audit Committee is a sub-committee of the main board of trustees. Its purpose is to:

- To operate as the audit committee as per EFA guidance;
- To assist the decision making of the Governing body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr D Bagley	3	3
Revd. B Hall	3	3
Ms A Sturridge-Packer	1	1
Mr J Sampson	1	3
Mrs J Booker, Headteacher	3	3

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Head Teacher 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 Governing Body of the Academy Trust is accountable for the way in which resources are allocated to meet the objectives in the Academy's development plans; ensuring the best possible outcomes are achieved for pupils.

The Academy Trust is committed to raising pupil attainment and this is demonstrated below.

Results for EYFS, Year 1 phonics, Year 2 are all in line or above floor targets and above the National Average. KS2 results were down this year due to a very challenging cohort with 70% class as disadvantaged as well as significant behaviour issues. Coupled with a new and challenging KS2 SATs, results were disappointing. A rigorous action plan has been put in place to ensure results are back in line with national expectation for next year.

Results for the academic year 2015/16 were as follows:-

EYFS - 83% good level of development

Year 1 Phonics: 84 %

KS1 ARE

R - 75 %

W - 67%

M - 88%

KS2 ARE

R- 48 %

SPAG- 34%

W- 72 %

M- 76%

An extensive programme of lesson observations is operated with a rigorous tracking of pupil progress and achievement in place; underachievement is identified early and appropriate interventions put in place which ensures our pupil outcomes. Pupils are well supported through the careful planning and deployment of the staffing structure and additional support is given to those individual pupils who require it, not only to improve or stretch academic progress but to support their emotional, social and behavioural needs.

The Academy is currently at the national average for attendance and achieved good in all areas and an overall grade of good in The OFSTED in July 2014.

Pupil Premium monies have been allocated to optimal effect to impact on improving attainment for pupils entitled to pupil premium monies. The curriculum is enriched and enhanced with the employment of an expert target teacher who has made a significant impact on our pupil progress and on raised levels in writing, an assigned teacher works 1:1 with pupils in Key Stage 1 and 2 to impact on the individual targets of pupil premium pupils to support accelerated progress, this includes attendance. Additional staffing is employed to provide 1:1 support to accelerate pupil progress.

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GOVERNANCE STATEMENT (continued)

Mr Foot – writing groups KS1 and KS2

Mrs Jakhu – intervention and support for pupils with EAL – KS1 and KS32

Mrs Begum - Extra support for individual targeted needs – KS1 and KS2.

Additional physical education clubs are provided by an external sports company. The Academy has worked closely with them to develop a range of extra-curricular opportunities to further impact on pupil confidence.

Financial governance and oversight is done by way of effective systems and procedures within the Academy. Financial reports are presented to the Governing Body at Finance Committee meetings termly allowing thorough monitoring of the school budget and cash flow. The Governing Body approves the annual budget forecast; this is led by the Chair and Vice Chair of Governors who have a considerable financial and business background.

The Tendering policy ensures that tenders/quotes are obtained as appropriate, to ensure value for money with all products and services over a £5,000 limit. All contracts are reviewed on an annual basis for the best value to ensure they are still fit for purpose. Currently all services have been retained on BCC which included payroll and human resources.

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 St Michael's C of E Primary Academy Handsworth for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of Governors 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 Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

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 Governors;
- regular reviews by the Finance 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.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

- delegation of authority and segregation of duties;
- identification and management of risks.

The board of Governors has considered the need for a specific internal audit function and has decided to appoint DRB Management Limited 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

- testing of personnel payroll systems , putting on to system correctly (actuals)
- testing of purchase systems , invoicing (raised, delivered and paid)
- testing of accounting systems/ bank reconciliations
- Reports and returns, documents (check) EG. Financial Handbook, Risk Register, Value for money state.
- Income

On a termly basis, the internal auditor reports to the board of Governors on the operation of the systems of control and on the discharge of the board of Governors' financial responsibilities.

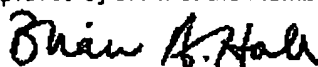
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher 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 auditor;
- the financial management and governance self-assessment process;
- The work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 on 5 December 2016 and signed on their behalf, by:


Canon Reverend Brian Hall
Chair of Governors


Ms E Grice
Accounting Officer

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

E. Grice

Ms Emma Grice
Accounting Officer

Date: 5 December 2016

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

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

The Governors (who act as governors of St Michael's C of E Primary Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

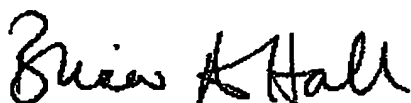
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

The Governors 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 governing body on 5 December 2016 and signed on its behalf by:



Canon Reverend Brian Hall
Chair of Governors

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST
MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH**

We have audited the financial statements of St Michael's C of E Primary Academy, Handsworth for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST
MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.


Helen Drew (Senior Statutory Auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 5-12-16

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST
MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 23 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Michael's C of E Primary Academy, Handsworth during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH'S
AND THE REPORTING ACCOUNTANT**

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

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

APPROACH

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

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

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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy and specific transactions identified from our review.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST
MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH AND THE EDUCATION FUNDING AGENCY**
(continued)

CONCLUSION

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

Crowe Clark Whitehill LLP
Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 5-12-16

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	369	31,520	5,654	37,543	5,502
Charitable activities	3	8,736	1,054,087	-	1,062,823	1,253,293
Investments	4	223	-	-	223	180
TOTAL INCOME		9,328	1,085,607	5,654	1,100,589	1,258,975
EXPENDITURE ON:						
Charitable activities		8,711	1,145,002	29,206	1,182,919	1,215,217
TOTAL EXPENDITURE	5	8,711	1,145,002	29,206	1,182,919	1,215,217
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		617	(59,395)	(23,552)	(82,330)	43,758
Transfers between Funds	15	-	(2,855)	2,855	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		617	(62,250)	(20,697)	(82,330)	43,758
Actuarial losses on defined benefit pension schemes	19	-	(132,000)	-	(132,000)	(17,000)
NET MOVEMENT IN FUNDS		617	(194,250)	(20,697)	(214,330)	26,758
RECONCILIATION OF FUNDS:						
Total funds brought forward		88,293	(191,359)	2,047,280	1,944,214	1,917,456
TOTAL FUNDS CARRIED FORWARD		88,910	(385,609)	2,026,583	1,729,884	1,944,214

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 27 to 46 form part of these financial statements.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08177570

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £	£
FIXED ASSETS						
Tangible assets	12		2,026,583		2,047,280	
CURRENT ASSETS						
Debtors	13	59,017		37,210		
Cash at bank and in hand		208,463		234,118		
		<u>267,480</u>		<u>271,328</u>		
CREDITORS: amounts falling due within one year	14	(139,179)		(103,394)		
NET CURRENT ASSETS			<u>128,301</u>		<u>167,934</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,154,884</u>		<u>2,215,214</u>	
Defined benefit pension scheme liability	19		(425,000)		(271,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>1,729,884</u></u>		<u><u>1,944,214</u></u>	
FUNDS OF THE ACADEMY						
Restricted income funds:						
Restricted income funds	15	39,391		79,641		
Restricted fixed asset funds	15	2,026,583		2,047,280		
Restricted income funds excluding pension liability		2,065,974		2,126,921		
Pension reserve		<u>(425,000)</u>		<u>(271,000)</u>		
Total restricted income funds			<u>1,640,974</u>		<u>1,855,921</u>	
Unrestricted income funds	15		88,910		88,293	
TOTAL FUNDS			<u><u>1,729,884</u></u>		<u><u>1,944,214</u></u>	

The financial statements were approved by the Governors, and authorised for issue, on 5 December 2016 and are signed on their behalf, by:

Canon Reverend Brian Hall
Chair of Governors

Brian Hall

The notes on pages 27 to 46 form part of these financial statements.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	17	(23,023)	144,920
Cash flows from investing activities:			
Purchase of tangible fixed assets		(8,509)	(31,569)
Capital grants from DfE/EFA		5,654	5,935
Returns on investments and servicing of finance		223	180
Net cash used in investing activities		(2,632)	(25,454)
Change in cash and cash equivalents in the year		(25,655)	119,486
Cash and cash equivalents brought forward		234,118	114,652
Cash and cash equivalents carried forward	18	208,463	234,118

The notes on pages 28 to 46 form part of these financial statements.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

St Michael's C of E Primary Academy, Handsworth constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

1.2 COMPANY STATUS

The Academy is a company limited by guarantee, which is incorporated and registered in England and Wales (No. 08177570). The members of the company are the Governors named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

1.3 GOING CONCERN

The Governors 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 Governors 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.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 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 Governors.

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

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

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

1.5 INCOME

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

Grants are included in the Statement of Financial Activities Incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 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.

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

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

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.

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:

LT/term Leasehold Property -	-	50 years
Building		
Computer equipment	-	3 years

The freehold land is owned by The Diocesan Board of Education. The Trustees of The Diocesan Board of Education have granted the Academy, via a supplemental agreement, the right to use the land for educational purposes indefinitely. The land has not been depreciated as there is no cessation date for occupancy and the agreement is for indefinite use.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

1.10 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.

1.11 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 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.

1.13 LIABILITIES AND PROVISIONS

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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 FINANCIAL INSTRUMENTS

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation. The key judgments in performing this valuation can be found in note 1.15.

ST MICHAEL'S C OF E PRIMARY ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

1. ACCOUNTING POLICIES (continued)

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Insurance Claim <i>(Floor)</i>	-	31,520	-	31,520	-
Other donations	369	-	-	369	(433)
Capital grants	-	-	5,654	5,654	5,935
Total donations and capital grants	369	31,520	5,654	37,543	5,502

In 2015, of the total income from donations and capital grants, £(433) was to unrestricted funds and £5,935 was to restricted fixed asset funds.

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	919,813	919,813	1,108,013
Other DfE/EFA grants	-	129,126	129,126	143,900
	-	1,048,939	1,048,939	1,251,913
Other government grants				
Local authority grants	-	5,148	5,148	719
	-	5,148	5,148	719
Other funding				
School fund	683	-	683	661
Catering income — <i>brought in house</i>	8,053	-	8,053	-
	8,736	-	8,736	661
	8,736	1,054,087	1,062,823	1,253,293

In 2015, of the total income from charitable activities, £ 661 was to unrestricted funds and £1,252,632 was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	223	-	223	180

In 2015, of the total investment income, £ 180 was to unrestricted funds and £ NIL was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
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5. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Academy Educational Operations					
Direct costs	480,304	29,206	56,576	566,086	758,654
Support costs	346,475	110,692	159,666	616,833	456,563
	<u>826,779</u>	<u>139,898</u>	<u>216,242</u>	<u>1,182,919</u>	<u>1,215,217</u>

In 2016, of the total expenditure, £8,711 (2015 - £661) was to unrestricted funds, £1,145,002 (2015 - £1,186,442) was to restricted funds and £29,206 (2015 - £28,114) was to restricted fixed asset costs.

6. SUPPORT COSTS

	Restricted funds £	Total 2016 £	Total 2015 £
Technology costs	-	-	14,277
Premises costs	110,692	110,692	105,598
Other support costs	149,741	149,741	98,546
Governance costs	9,925	9,925	8,045
Wages and salaries	317,593	317,593	195,716
National insurance	2,467	2,467	1,535
Pension cost	26,415	26,415	32,846
	<u>616,833</u>	<u>616,833</u>	<u>456,563</u>

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

7. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £
Unrecoverable debts	8,893

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

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	28,206	28,114
Auditor's remuneration - audit	3,000	3,000
Auditor's remuneration - other services	1,900	1,500
Operating lease rentals	2,689	1,040
	<u>35,795</u>	<u>33,654</u>

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	470,346	489,283
Social security costs	30,051	30,288
Pension costs	81,393	86,758
	<u>581,790</u>	<u>606,329</u>
Supply teacher costs	244,989	288,744
	<u>826,779</u>	<u>895,073</u>

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

	2016 No.	2015 No.
Teachers and teaching assistants who support the children	26	26
Administration and support	7	8
Management (Recharged from St Mary's CE Academy)	2	2
	<u>35</u>	<u>36</u>

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

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £110,575 (2015: £47,694).

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**NOTES TO THE FINANCIAL STATEMENTS
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10. GOVERNORS' REMUNERATION AND EXPENSES

The academy does not currently employ a principal. Mrs Joanne Booker acted as executive head teacher and her costs, including employer pension contributions, were recharged via a service level agreement from St Mary's Academy. As of 1 September Ms Emma Grice was appointed as principal. Other Governors did not receive any payments, from the Academy in respect of their role as Governors.

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

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 (2015: 2,000,000) on any one claim and the cost for the year ended 31 August 2016 was £475 (2015 - £475).

12. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Computer equipment £	Total £
COST			
At 1 September 2015	2,126,569	1,150	2,127,719
Additions	5,235	3,274	8,509
At 31 August 2016	<u>2,131,804</u>	<u>4,424</u>	<u>2,136,228</u>
DEPRECIATION			
At 1 September 2015	79,673	766	80,439
Charge for the year	27,731	1,475	29,206
At 31 August 2016	<u>107,404</u>	<u>2,241</u>	<u>109,645</u>
NET BOOK VALUE			
At 31 August 2016	<u>2,024,400</u>	<u>2,183</u>	<u>2,026,583</u>
At 31 August 2015	<u>2,046,896</u>	<u>384</u>	<u>2,047,280</u>

Included in land and buildings is leasehold land at valuation of £740,000 (2015 - £740,000), which is not depreciated.

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13. DEBTORS

	2016 £	2015 £
Other debtors	3,313	13,404
Prepayments and accrued income <i>various prepayments largest being £748 trip</i>	55,704	23,806
	<u>59,017</u>	<u>37,210</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	70	-
Other creditors <i>Payroll</i>	50,471	-
Accruals and deferred income	88,638	103,394
	<u>139,179</u>	<u>103,394</u>

DEFERRED INCOME

	2016 £	2015 £
Deferred income at beginning of the period	12,880	9,759
Resources deferred during the year	9,432	12,880
Amounts released from previous years	(12,880)	(9,759)
Deferred income at 31 August 2016	<u>9,432</u>	<u>12,880</u>

The above deferred income consists of £9,432 (2015: £12,880) for infant free school meals.

15. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
Unrestricted funds	88,293	9,328	(8,711)	-	-	88,910

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FOR THE YEAR ENDED 31 AUGUST 2016**

15. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	63,141	919,813	(953,588)	(2,855)	-	26,511
Other EFA Grants	16,500	129,126	(132,746)	-	-	12,880
Local authority grants	-	5,148	(5,148)	-	-	-
Other income	-	31,520	(31,520)	-	-	-
Pension reserve	(271,000)	-	(22,000)	-	(132,000)	(425,000)
	<u>(191,359)</u>	<u>1,085,607</u>	<u>(1,145,002)</u>	<u>(2,855)</u>	<u>(132,000)</u>	<u>(385,609)</u>

RESTRICTED FIXED ASSET FUNDS

Restricted fixed assets	2,047,280	5,654	(29,206)	2,855	-	2,026,583
Total restricted funds	<u>1,855,921</u>	<u>1,091,261</u>	<u>(1,174,208)</u>	<u>-</u>	<u>(132,000)</u>	<u>1,540,974</u>
Total of funds	<u>1,944,214</u>	<u>1,100,589</u>	<u>(1,162,919)</u>	<u>-</u>	<u>(132,000)</u>	<u>1,729,884</u>

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

- 1) General Annual Grant: this must be used for the normal running costs of the Academy Trust
- 2) Other Dfe/EFA Grant: this fund relates to other grants received with must be used for the purpose intended.
- 3) Other Restricted: this fund relates to all other restricted funds received which must be used for the purpose intended.
- 4) Restricted fixed asset fund: this fund relates to resources which must be applied for specific capital purposes intended.

The transfer between the Restricted funds and Restricted Fixed Asset funds relates to the amounts expended on fixed assets from other funds.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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SUMMARY OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Carried Forward £
General funds	88,293	9,328	(8,711)	-	-	88,910
Restricted funds	(191,359)	1,085,607	(1,145,002)	(2,855)	(132,000)	(385,609)
Restricted fixed asset funds	2,047,280	5,654	(29,206)	2,855	-	2,026,583
	<u>1,944,214</u>	<u>1,100,589</u>	<u>(1,162,919)</u>	<u>-</u>	<u>(132,000)</u>	<u>1,729,884</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	2,026,583	2,026,583	2,047,280
Current assets	88,910	178,568	-	267,478	271,328
Creditors due within one year	-	(139,177)	-	(139,177)	(103,994)
Provisions for liabilities and charges	-	(425,000)	-	(425,000)	(271,000)
	<u>88,910</u>	<u>(385,609)</u>	<u>2,026,583</u>	<u>1,729,884</u>	<u>1,944,214</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(82,330)	43,758
Adjustment for:		
Depreciation charges	29,206	28,114
(Increase)/decrease in debtors	(21,807)	81,887
Increase/(decrease) in creditors	35,785	(24,724)
Capital grants from DfE and other capital income	(5,654)	(5,835)
Defined benefit pension scheme cost less contributions payable	12,000	12,000
Defined benefit pension scheme finance cost	10,000	10,000
Returns on investments and servicing of finance	(223)	(180)
Net cash (used in)/provided by operating activities	<u>(23,023)</u>	<u>144,920</u>

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

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	208,463	234,118
Total	<u>208,463</u>	<u>234,118</u>

19. 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 West Midlands Pension Fund. 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 2013.

Contributions amounting to £8,495 were payable to the schemes at 31 August 2016 (2015 - 11,455) 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.

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19. PENSION COMMITMENTS (continued)

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.06% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £35,025 (2015 - £33,895).

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 2016 was £34,010 (2015 - £31,748), of which employer's contributions totalled £24,368 (2015 - £22,727) and employees' contributions totalled £9,642 (2015 - £9,021). The agreed contribution rates for future years are 14.1% for employers and between 5.5% and 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.

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19. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.75 %	4.15 %
Rate of increase for pensions in payment / inflation	2.00 %	2.40 %
Inflation assumption (CPI)	2.00 %	2.40 %

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

	2016	2015
Retiring today		
Males	23.1	23.0
Females	25.8	25.2
Retiring in 20 years		
Males	25.3	25.2
Females	28.1	28.0

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	224,000	169,000
Government bonds	26,000	21,000
Property	32,000	24,000
Cash	30,000	14,000
Other bonds	24,000	28,000
Other	41,000	26,000
Total market value of assets	377,000	282,000

The actual return on scheme assets was £58,000 (2015 - £12,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost	43,000	35,000
Interest on obligation	10,000	10,000
Expected return on scheme assets	-	-
Total	53,000	45,000

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19. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	553,000	507,000
Contributions by employees	10,000	9,000
Change in financial assumptions	178,000	18,000
Estimated benefits paid net of transfers in	(4,000)	(37,000)
Current service cost	43,000	35,000
Interest cost	22,000	21,000
	<u>802,000</u>	<u>553,000</u>
Closing defined benefit obligation	<u>802,000</u>	<u>553,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	282,000	275,000
Interest income	12,000	11,000
Actuarial gains and (losses)	46,000	1,000
Contributions by employer	31,000	23,000
Contributions by employees	10,000	9,000
Estimated benefits paid	(4,000)	(37,000)
	<u>377,000</u>	<u>282,000</u>
Closing fair value of scheme assets	<u>377,000</u>	<u>282,000</u>

The Academy expects to contribute £34,000 to its Defined benefit pension scheme in 2017.

20. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	2,688	-
Between 1 and 5 years	2,689	-
	<u>5,378</u>	<u>-</u>
Total	<u>5,378</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. RELATED PARTY TRANSACTIONS

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

The Diocesan Board of Education Trust which acts as the sponsors were paid a levy of £27,565 (2015: £24,000) by the Academy during the period. As at year end The Diocese of Birmingham Educational Trust owed £Nil (2015: £Nil) to St Michael's C of E Primary Academy as a reimbursement of expenditure.

The freehold land is held by the Birmingham Diocesan Trustees registered as custodians for the beneficial user of the land - St Michael's C of E Primary Academy. The Birmingham Diocesan Trustees have granted the Academy, via a supplemental agreement, the right to use the land for educational purposes indefinitely. The land has not been depreciated as there is no cessation date for occupancy and the agreement is for indefinite use.

The DRB Group of companies are used to deliver a number of services to the academy in which one of the Governors is a Director. During the period transactions totalling £48,034 (2015: £50,701) took place. There was no outstanding balance at year end due (2015: £1,878).

The daughter of a Governor is also a director of Pure Skills which was used to provide sports services during the year at a cost of £440 to the Academy (2015: £1,520). There was no outstanding balance at year end due.

St Mary's CE Academy and Nursery by virtue of the support being provided by the Executive Head Teacher and the leadership team to St Michael's C of E Primary Academy is also seen as a related party. Transactions between St Mary's CE Academy and Nursery and St Michael's C of E Primary Academy totalled £101,002 (2015: £51,359) during the period (this covered numerous transactions relating to school improvement and resources), with £57,140 (2015: £35,455) relating to the services received from the Head Teacher. A balance of £Nil (2015: £28,628) was outstanding at year end and is included in creditors.

St Michael's C of E Primary Academy is sponsored by the Birmingham Diocese known as DBET. Normally each DBET sponsored school has a high performing school which it is partnered with. In the case of St Michael's, this partnership is different in Joanne Booker from St Mary's was Head Teacher at St Michael's during the year. She therefore took full responsibility for all school business including OFSTED until the appointment of Ms Emma Grice as Head Teacher from 1 September 2016.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

St Michael's C of E Primary Academy, Handsworth is an autonomous body, financed mainly by public funding and files separate entity accounts.

The Academy's sponsor, The Diocesan Board of Educational Trust, (incorporated in England and Wales (Company No: 07934124, Charity No: 1150469), has the power to appoint Governors to the board of the Academy. St Michael's C of E Primary Academy, Handsworth, along with all other academies in The Diocese of Birmingham Educational Trust, will therefore be consolidated at trust level.

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23. MEMBERS' LIABILITY

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

24. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework, upon which the financial statements for the year ended 31 March 2015 were prepared, are not materially different to FRS 102 and have not impacted on reserves.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

The Local Government Pension Scheme has been adjusted to reflect changes resulting from transition to FRS 102 and whilst there is no difference to report in the net liability, the actuarial loss has decreased by £5,000 to £17,000 with an increase in the charge to expenditure of the same amount.