

Registered number: 08197381 (England & Wales)

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	R Brewin C Ambrose G Blackwell
Trustees	R Brewin, Chair of Trustees ¹ J Whittle, Vice Chair ^{1,3} C Ambrose ^{2,3} D Dexter G Blackwell G Barlow ² G Hall (resigned 30 September 2016) ² S Garner, Headteacher (appointed 11 April 2016) ^{1,2} T Fenn ¹ P Wells ² D Wilkinson (resigned 30 September 2016) ² J McAuliffe, (in post as Acting Head/Trustee from 1 September 2015 to 10 April 2016) ¹ N Middleton, (in post as Acting Head/Trustee from 1 September 2015 to 10 April 2016) ² M Foxon (appointed 30 September 2016) ¹ Management Committee ² Education Committee ³ Ethics Committee
Company registered number	08197381
Company name	Ashby Hill Top Primary School Academy Trust
Registered office	Beaumont Avenue Ashby de la Zouch Leicestershire LE65 2NF
Company secretary	T Fenn
Senior management team	S Garner, Headteacher from 11 April 2016 J McAuliffe, Assistant Headteacher (Acting Head from 1 September 2015 to 10 April 2016) N Middleton, Assistant Headteacher (Acting Head from 1 September 2015 to 10 April 2016) T Fenn, Business Manager D Mortlock, KS2 Leader
Independent auditors	Clear & Lane Limited Chartered Accountants 340 Melton Road Leicester LE4 7SL
Bankers	Lloyds Bank 44 Market Street Ashby de la Zouch Leicestershire LE65 1FL

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Ashby. It has a pupil capacity of 270 and had a roll of 291 in the school census on 19th May 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

• **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The charitable company was incorporated on 31 August 2012. The school converted to Academy status on 1 October 2012 when its operations, assets and liabilities were transferred from the Local Authority.

The Governors act as the Trustees for the charitable activities of Ashby Hill Top Primary School Academy Trust Limited and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Ashby Hill Top Primary School Academy Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details.

• **Members' liability**

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

• **Trustees' indemnities**

In accordance with normal practice the school has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions whilst on school business. The cover under the policy is £3 million and in the year under review the sum of £342 paid in premiums.

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

Trustees are appointed as follows:

Parent Trustees	Through open election for all eligible parents or guardians of students who attend Ashby Hill Top Primary School
Staff Trustees	Through open election for all eligible members of staff working at Ashby Hill Top Primary School
Community Trustees	Through nomination by the Board of Trustees of Ashby Hill Top Primary School. We would seek to appoint Trustees with relevant background experience to complement the existing Trustee qualifications

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

We expect all Trustees to undertake training as appropriate to their work at the school. New Trustees will be provided with an induction programme delivered partly in house and partly through external sources as required. A log is kept of all Trustees training and reviewed on a regular basis at Trustee meetings.

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

● **Organisational structure**

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

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

● **Pay policy for key management personnel**

Performance management applied to all teaching staff:

Those responsible for the setting of performance criteria include Headteacher, Chair/Deputy Chair of governors and Assistant Headteacher's. Other senior staff included in the reviews include phase and Key Stage leaders.

- All teaching staff set targets at meeting in October of each year. The targets are agreed at the meeting – they may include pupil performance, subject management and whole school contribution to improving standards in the school.
- Mid term performance review to monitor the progress of teaching staff against the targets set at the start of the year.
- The Headteacher undertakes performance management process led by Chair of governors and external advisor (Usually an NLE) Targets set with consideration for areas such as pupil performance, staff performance, organisational performance (including success of the School Development Plan – encompassing ALL areas of school development).
- Headteacher to undertake a midterm review with NLE and Chair of Governors to measure progress against targets.
- Performance management of Academy School Business Manager. Targets set are based on the needs and priorities for the Academy – this is led by the Headteacher and the Chair/Deputy Chair of the governing body.

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

The Headteacher has extensive contacts with other academies, schools and organisations to ensure that the school is kept abreast of current national and local educational priorities. Networking is a significant priority in the academies School Education Plan.

As part of its work, the school has a formal partnership with The Affinity Teaching School Alliance and Ashby Learning Community to provide high quality education.

The school has a connected charity, The Friends of Hilltop which was established for the purpose of supporting the school in a manner as determined by its own independent board. These funds are under the control of this independent board, not the Academy. In line with the Academies Accounts Direction 2014 to 2015 (SORP 2005) some summary details of this charity's activities are included in note 26 to the financial statements.

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

OBJECTIVES AND ACTIVITIES

● **Objects and aims**

Ashby Hill Top Primary School Academy Trusts' object is specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.
- to promote for the benefit of individuals living in Ashby de la Zouch and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and within the object of improving the condition of the said individuals.

● **Objectives, strategies and activities**

Mission Statement

Our mission is that the lives of all who leave Hill Top will have been enhanced by their experience.

Aims

We aim to provide a caring, stimulating and safe school where achievements are celebrated and everyone is valued and shown respect.

We do this through providing:

- Children with a structure which enables them to question and evaluate all areas relating to their Emotional and physical health and so make informed choices.
- A secure environment where everyone has a voice and is equipped with the life skills to keep themselves and others safe.
- An enjoyable, creative, relevant and evolving curriculum that will motivate children to become lifelong learners and encourage every child to find and develop their own personal strengths.
- Opportunities that will enable every child to nurture self worth and develop skills to make a positive contribution to the community and where children, parents, school and the community work in a mutually beneficial partnership.
- The highest quality teaching and learning to enable all children to reach their full potential and thus lay strong foundations for the future. To value ourselves, others and the environment through positive relationships, actions and attitudes.

● **Public benefit**

Ashby Hill Top Primary School Academy Trust is a charitable trust which seeks to benefit the public throughout the pursuit of its stated aims.

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

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

• **Key performance indicators**

KS1

The % of children attaining level 2 at the end of KS1 in 2015 is:

Reading	97
Writing	97
Maths	100

KS2

The % of children attaining level 4 at the end of KS2 in 2015 is:

Reading	95
Writing	95
Maths	90

Other key achievements in 2015/16 academic year include:

- Significant extracurricular activities to support pupils' progress and wellbeing.
- Completion of a large extension including larger hall, staffroom, new classroom, offices, medical room and meeting room.
- High academic standards across both key stages.
- Appointment of key staff in management positions to enhance the quality and range of staffing (including extensive CPD programme)
- Enhanced and improved curriculum – including new assessment system.
- Review and development of the ICT provision for staff and pupils.

Achievement and Standards

By July 2017, all our cohorts of children will be making outstanding progress and Attainment at the end of every Key Stage will be significantly above National Averages (Raiseonline). Children in receipt of Pupil Premium Funding and those in receipt of PP+ will be closing the gap with their peers.

Leadership & Management

By 2018: Leadership and Management at all levels will be outstanding (Ofsted criteria).

The Learning Environment

By July 2016: main building and additional block completed. Increase in opportunities for Outdoor learning ~ all classes incorporate outdoor learning – specific focus on year 1/2 ~ (pupil questionnaire, planning scrutiny, improved standards).

Parents & the Community

By July 2017 99% parents feel involved and well informed about their child's education, the school curriculum and pupil progress measures (Parental questionnaire); All classes have parents and community visits as part of their curriculum provision (in-house monitoring).

Behaviour & Safety

By July 2017: 95% children and 95% parents report behaviour is at least good. Incidents of bullying are rare and children know how to seek support & help. 100% pupils report they have someone to talk to if they are worried (pupil & parents questionnaires).

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

Previous OFSTED Inspection Outcomes

Inspection dates 16–17 April 2013 Overall effectiveness previous inspection: Good - 2

This inspection : Outstanding - 1

Achievement of pupils : Outstanding -1

Quality of teaching : Outstanding - 1

Behaviour and safety of pupils : Outstanding - 1

Leadership and management : Outstanding - 1

- Achievement is outstanding throughout the school in reading, writing and mathematics, for all pupils regardless of ability or background.
- Pupils' attainment was above average for several years in the predecessor school and continues to rise.
- Excellent teaching helps pupils to make rapid progress in their learning in a range of subjects.
- Teachers are particularly skilled in giving different pupils work that is at just the right level for them. During lessons, they continually check up on progress to ensure that all are doing as well as possible. Pupils behave extremely well and are very keen to learn.
- Excellent relationships between pupils themselves, and with the adults, underpin the school's many strengths. Pupils feel extremely safe in school, and have great trust in the adults to look after them.
- There is outstanding provision for pupils' spiritual, moral, social and cultural development.
- Children get an excellent start to their schooling because of the outstanding provision in the Early Years Foundation Stage.
- A constant focus by leaders and managers on the quality of teaching and the achievement of all pupils ensures that both are excellent. Very effective procedures, to keep a detailed track of each pupil's progress, greatly enhance this.
- The marking of pupils' work is good but has some minor shortcomings.

• **Going concern**

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

FINANCIAL REVIEW

• **Financial review**

The Academy had a net increase in funds for the year ended 31 August 2016 of £128,371 including fixed assets movements. As at 31 August 2016 the academy held £62,219 of unrestricted reserves plus £128,814 of unspent (non-fixed asset) restricted funds. The academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £191,033.

The academy trust had a pension deficit on their Local Government Pension Scheme of £597,000 at 31 August 2016 and a fixed asset reserve of £2,843,295 being the book value of past purchases.

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

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

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

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

● **Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately two months of expenditure, based on the annual budget, being approximately £180,000.

Actual free reserves plus unspent GAG as at 31 August 2016 were £177,640, being approximately in line with the target level set by the Trustees. The Academy also held other available restricted funds at the year end of the year of £13,393 in relation to Pupil Premium. Total available reserves, being both the above figures at 31 August 2016 were £191,033. Cash at bank at 31 August 2016 was £39,132 higher than total available reserves due principally to Universal Free School Meal income received in advance of the Autumn Term of £26,639 and various other accruals timing differences.

At 31 August 2016 the Academy's fixed asset reserve of £2,843,295 represented funds which could only be realised if the assets were sold.

The only reserve in deficit at the year end was the pension reserve (deficit of £597,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

● **Investments policy**

The school's investment strategy is to;

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

Any change in policy requires the approval of Trustees' via the Management Committee.

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

● **Principal risks and uncertainties**

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

The risks faced by the Academy are outlined in the Risk Register and the Trustees update this document at least annually. Budgets and reserves policies are set after due consideration of such risks.

The LGPS pension scheme deficit shown in the accounts as at 31 August 2016 was £597,000 (2015: £435,000). 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. The academy's cash flow and future annual pension costs will be affected by changes in contribution rates as informed by the actuary.

The Trustees are responsible for the overseeing of the risks faced by the school. Detailed considerations of risk are delegated to the senior leadership team of the school. Risks are identified, assessed and controls established throughout the period. A formal review of the school's risk management process will be undertaken on an annual basis. Risk is managed under the headings of Strategic and Reputational, Operational, Employment and Financial.

PLANS FOR FUTURE PERIODS

● **Future developments**

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

The Headteacher and senior staff continue to review the curriculum to ensure that the educational qualifications remain appropriate for our pupils' development.

The Academy Trusts future plans are financed from income direct from the EFA related to student numbers and other lump sum factors. Trustees will ensure funding is invested appropriately for the next generation of students as they have done in the past for current students. Maintaining and, where necessary, developing the fabric of the facilities of the school are central to our strategy.

We have a planned programme of maintenance and investment for the school site. Each year we invest heavily in computer equipment and infrastructure to ensure our students and staff have the very best technology we can provide.

Environmental issues are also high priority and we continue to develop our buildings to ensure they are more energy efficient.

Funds held as custodian

No funds are held on behalf of others.

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

Disclosure of information to auditors


Insofar as the Trustees are aware:

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

Auditors

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

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 30 November 2016 and signed on the board's behalf by:



R Brewin
Chair of Trustees

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Brewin	5	5
J Whittle	4	5
C Ambrose	5	5
D Dexter	5	5
G Blackwell	4	5
G Barlow	5	5
G Hall	5	5
S Garner	2	2
T Fenn	5	5
P Wells	5	5
D Wilkinson	4	5
J McAuliffe	3	3
N Middleton	3	3

J McAuliffe, Assistant Head, and N Middleton, Assistant Head, were both appointed Acting Head and Accounting Officer from 1 September 2015 to 10 April 2016. S Garner took up position of Headteacher and Accounting Officer on 11 April 2016.

Governance reviews:

The Governors have a process of ongoing review conducted through the full Governing Body and committee structures.

Actions following reviews were:

- Governing Body Structure
- Committee Structure
- Policies
- Development Plan
- The staff governor has governor monitoring responsibilities
- Full Financial review

The Board of Trustees intends to conduct another self evaluation review during the forthcoming year.

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

The Management Committee is a delegated committee of the main Board of Trustees. Its purpose is to oversee the finance, health & safety, property and personnel of the school.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Brewin	7	7
J Whittle	6	7
J McAuliffe	5	5
S Garner	2	2
T Fenn	7	7

The Education Committee is also a delegated committee of the main Board of Trustees. Its purpose is to oversee the curriculum, standards, care, guidance & support, behaviour, welfare and the impact and intervention of Pupil Premium.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
N Middleton	4	4
G Hall	4	4
P Wells	4	4
D Wilkinson	3	4
C Ambrose	3	4
D Armstrong	2	2

The Ethics Committee is responsible for maintaining the ethical, cultural and moral standards of the school.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
N Middleton	1	1
J Whittle	1	1
C Ambrose	1	1

Review of Value for money

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

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

- maintaining high educational standards and progress exceeding national expectations
- endeavouring to continually maintain and improve educational standards

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 Ashby Hill Top Primary School Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

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

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

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

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 30 November 2016 and signed on their behalf, by:



R Brewin
Chair of Trustees



S Garner
Accounting Officer

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



S Garner
Accounting Officer

Date: 30 November 2016

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 30 November 2016 and signed on its behalf by:



R Brewin
Chair of Trustees

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST

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

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

Respective responsibilities of Trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ASHBY
HILL TOP PRIMARY SCHOOL ACADEMY TRUST**

Matters on which we are required to report by exception

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

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



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL

Date: 5/12/16

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST

(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 8 February 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ashby Hill Top Primary School Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Ashby Hill Top Primary School Academy Trust's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Ashby Hill Top Primary School Academy Trust'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 our conclusion includes:

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

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ASHBY HILL TOP
PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

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



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL

Date: 5/12/16

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	1,488	-	308,502	309,990	90,041
Other trading activities	3	8,343	-	-	8,343	12,479
Investments	4	1,060	-	-	1,060	986
Charitable activities	5	1,210	1,158,443	-	1,159,653	1,116,935
TOTAL INCOME		12,101	1,158,443	308,502	1,479,046	1,220,441
EXPENDITURE ON:						
Raising funds		3,600	-	-	3,600	7,752
Charitable activities		800	1,141,716	75,559	1,218,075	1,174,628
TOTAL EXPENDITURE	6	4,400	1,141,716	75,559	1,221,675	1,182,380
NET INCOME		7,701	16,727	232,943	257,371	38,061
Transfers between funds	16	-	(26,507)	26,507	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES		7,701	(9,780)	259,450	257,371	38,061
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(129,000)	-	(129,000)	12,000
NET MOVEMENT IN FUNDS		7,701	(138,780)	259,450	128,371	50,061
RECONCILIATION OF FUNDS:						
Total funds brought forward		54,518	(329,406)	2,583,845	2,308,957	2,258,896
TOTAL FUNDS CARRIED FORWARD		62,219	(468,186)	2,843,295	2,437,328	2,308,957

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST

(A company limited by guarantee)

REGISTERED NUMBER: 08197381

**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	2015 £
FIXED ASSETS				
Tangible assets	12		2,843,295	2,583,845
CURRENT ASSETS				
Stocks	13	1,758	-	
Debtors	14	33,097	102,251	
Cash at bank and in hand		230,165	196,298	
		<u>265,020</u>	<u>298,549</u>	
CREDITORS: amounts falling due within one year	15	(73,987)	(138,437)	
NET CURRENT ASSETS			<u>191,033</u>	<u>160,112</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,034,328</u>	<u>2,743,957</u>
Defined benefit pension scheme liability	21	(597,000)		(435,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,437,328</u></u>	<u><u>2,308,957</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted income fund	16	128,814	105,594	
Fixed asset fund	16	2,843,295	2,583,845	
Restricted funds excluding pension liability		<u>2,972,109</u>	<u>2,689,439</u>	
Pension reserve		<u>(597,000)</u>	<u>(435,000)</u>	
Total restricted funds			<u>2,375,109</u>	<u>2,254,439</u>
Unrestricted income fund	16		<u>62,219</u>	<u>54,518</u>
TOTAL FUNDS			<u><u>2,437,328</u></u>	<u><u>2,308,957</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 30 November 2016 and are signed on their behalf, by:



R Brewin
Chair of Trustees

The notes on pages 22 to 43 form part of these financial statements.

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>58,400</u>	<u>27,080</u>
Cash flows from investing activities:			
Interest received		1,060	987
Purchase of tangible assets		(335,009)	(88,359)
Capital grants from DfE and other capital income		<u>309,416</u>	<u>87,072</u>
Net cash used in investing activities		<u>(24,533)</u>	<u>(300)</u>
Change in cash and cash equivalents in the year		33,867	26,780
Cash and cash equivalents at 1 September 2015		<u>196,298</u>	<u>169,518</u>
Cash and cash equivalents at 31 August 2016		<u><u>230,165</u></u>	<u><u>196,298</u></u>

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Ashby Hill Top Primary School Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

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

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

1.2 FUND ACCOUNTING

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

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

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

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

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

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

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

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

1.4 EXPENDITURE

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

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

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

All resources expended are inclusive of irrecoverable VAT.

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

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

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

Leasehold buildings	-	2% Straight line
Leasehold land (125 year lease)	-	over 125 years
Leasehold buildings - roof repairs	-	6% Straight line
Fixtures and fittings	-	15% Straight line
Computer equipment	-	25% Straight line
Assets under construction	-	not depreciated

1.7 OPERATING LEASES

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

1.8 STOCKS

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

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 CASH AT BANK AND IN HAND

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

1.10 LIABILITIES AND PROVISIONS

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

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

1.11 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.

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 PENSIONS

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

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

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.

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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

Defined benefit pension scheme

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

Tangible assets

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Friends of Hill Top donations	563	-	-	563	2,469
Other donations	925	-	-	925	500
Capital grants	-	-	308,502	308,502	87,072
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	1,488	-	308,502	309,990	90,041
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £ 500 was to unrestricted funds and £89,541 was to restricted funds

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	2,548	-	2,548	2,081
Consultancy income	3,350	-	3,350	9,030
Other income	2,445	-	2,445	1,368
	<u>8,343</u>	<u>-</u>	<u>8,343</u>	<u>12,479</u>

In 2015, of the total income from other trading activities, £12,479 was to unrestricted funds and £ *NIL* was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	1,060	-	1,060	986

In 2015, of the total investment income, £ 986 was to unrestricted funds and £ *NIL* was to restricted funds.

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	1,022,479	1,022,479	985,091
Other DfE/EFA grants	-	130,771	130,771	131,844
	<u>-</u>	<u>1,153,250</u>	<u>1,153,250</u>	<u>1,116,935</u>
Other government grants				
Local Authority grants	-	5,193	5,193	-
	<u>-</u>	<u>5,193</u>	<u>5,193</u>	<u>-</u>
Other funding				
Other income from the academy trust's educational operations	1,210	-	1,210	-
	<u>1,210</u>	<u>-</u>	<u>1,210</u>	<u>-</u>
	<u>1,210</u>	<u>1,158,443</u>	<u>1,159,653</u>	<u>1,116,935</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,116,935 was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	3,183	417	-	3,600	7,752
Educational Operations:					
Direct costs	784,983	56,669	67,949	909,601	888,792
Support costs	122,846	77,276	108,352	308,474	285,836
	<u>911,012</u>	<u>134,362</u>	<u>176,301</u>	<u>1,221,675</u>	<u>1,182,380</u>

In 2015, of the total fundraising expenditure, £7,752 was to unrestricted funds and £NIL to restricted funds.

In 2015, of the total educational operations expenditure, £NIL was to unrestricted funds, £1,106,045 was to restricted funds and £68,583 to restricted fixed asset funds.

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

7. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	621,051	627,627
Teaching and educational support staff costs - NI	42,280	36,182
Teaching and educational support staff costs - pensions	121,652	111,091
LGPS pension interest cost (£33,000) less return on assets (£16,000)	17,000	15,000
Educational supplies	29,523	24,000
Staff development	6,262	6,308
Other direct costs	10,810	9,066
Depreciation	56,669	51,438
Technology costs	4,354	8,081
	<u>909,601</u>	<u>888,793</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	97,720	93,625
Support staff costs - NI	5,647	4,628
Support staff costs - pensions	19,479	18,171
Recruitment	2,591	2,269
Maintenance of premises and equipment	20,415	15,773
Cleaning	3,090	2,810
Rates	6,092	6,311
Insurance	15,957	16,673
Depreciation	18,890	17,146
Catering	48,765	43,267
Other support costs	46,528	39,707
Security and transport	440	656
Technology costs	970	1,863
Energy costs	12,832	13,142
Governance	9,058	9,795
	<u>308,474</u>	<u>285,836</u>
	<u><u>1,218,075</u></u>	<u><u>1,174,629</u></u>

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	75,559	68,584
Auditors' remuneration - audit	5,450	4,766
Auditors' remuneration - other services	1,877	3,319
Operating lease rentals	1,441	1,170
	<u><u>82,327</u></u>	<u><u>77,839</u></u>

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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	721,954	721,252
Social security costs	47,927	40,810
Operating costs of defined benefit pension schemes	141,131	129,262
	<u>911,012</u>	<u>891,324</u>

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

	2016 No.	2015 No.
Teachers	12	10
Administration and support	30	32
Management	1	1
	<u>43</u>	<u>43</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	0	1

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 £244,038 (2015 - £207,568). These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within their employment.

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10. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Trustees (2015 - 3) in respect of defined benefit pension schemes.

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

The value of Trustees' remuneration was as follows:

S Garner (Headteacher and Trustee) - appointed 11 April 2016

Remuneration £20,000 - £25,000

Employer's pension contributions £0 - £5,000

J McAuliffe (Acting Headteacher and Trustee) - in post as Acting Head/Trustee from 1 September 2015 to 10 April 2016

Remuneration £30,000 - £35,000

Employer's pension contributions £5,000 - £10,000

N Middleton (Acting Headteacher and Trustee) - in post as Acting Head/Trustee from 1 September 2015 to 10 April 2016

Remuneration £30,000 - £35,000

Employer's pension contributions £5,000 - £10,000

D L Dexter (Staff Trustee)

Remuneration £35,000 - £40,000 (2015: £30,000 - £35,000)

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

T Fenn (Staff Trustee)

Remuneration £35,000 - £40,000 (2015: £30,000 - £35,000)

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

C Ambrose (Staff Trustee)

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

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

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

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

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £342 (2015 - £1,101).

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12. TANGIBLE FIXED ASSETS

	Leasehold land & buildings £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
COST					
At 1 September 2015	2,582,426	64,347	32,367	74,327	2,753,467
Additions	285,272	17,767	31,970	-	335,009
Transfer between classes	74,327	-	-	(74,327)	-
At 31 August 2016	2,942,025	82,114	64,337	-	3,088,476
DEPRECIATION					
At 1 September 2015	139,422	14,364	15,836	-	169,622
Charge for the year	54,711	10,565	10,283	-	75,559
At 31 August 2016	194,133	24,929	26,119	-	245,181
NET BOOK VALUE					
At 31 August 2016	2,747,892	57,185	38,218	-	2,843,295
At 31 August 2015	2,443,004	49,983	16,531	74,327	2,583,845

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

The trust's transactions relating to land and buildings in the year included:

- the acquisition of the leasehold buildings relates to the erection of a detached modular classroom, the construction of a single storey staff room and hall extension. The total cost of the project, excluding fixtures and fittings and computer equipment, was £359,599 of which £285,272 was acquired in the year and £74,327 has been transferred from assets under construction as at 31 August 2015. The project was funded by the Local Authority.

13. STOCKS

	2016 £	2015 £
Classroom and other materials	1,758	-

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14. DEBTORS

	2016 £	2015 £
Trade debtors	-	2,576
VAT recoverable	11,884	5,059
Prepayments and accrued income	21,213	94,616
	<u>33,097</u>	<u>102,251</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other taxation and social security	14,585	12,808
Other creditors	27,407	16,451
Accruals and deferred income	31,995	109,178
	<u>73,987</u>	<u>138,437</u>

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	30,785	30,115
Resources deferred during the year	32,159	30,785
Amounts released from previous years	(30,785)	(30,115)
Deferred income at 31 August 2016	<u>32,159</u>	<u>30,785</u>

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

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16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General Funds	54,518	12,101	(4,400)	-	-	62,219
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	87,470	1,022,479	(968,021)	(26,507)	-	115,421
Pupil Premium	18,124	70,342	(75,073)	-	-	13,393
Other DfE/EFA grants	-	60,429	(60,429)	-	-	-
Other donations	-	5,193	(5,193)	-	-	-
Pension reserve	(435,000)	-	(33,000)	-	(129,000)	(597,000)
	<u>(329,406)</u>	<u>1,158,443</u>	<u>(1,141,716)</u>	<u>(26,507)</u>	<u>(129,000)</u>	<u>(468,186)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE/EFA capital grants	14,139	7,240	(4,138)	-	-	17,241
Transfer from Local Authority	2,199,879	-	(44,368)	-	-	2,155,511
Capital expenditure from GAG	23,331	-	(9,470)	25,593	-	39,454
Academies Capital Maintenance Fund	265,593	-	(13,893)	-	-	251,700
Other donations	6,576	-	(1,469)	-	-	5,107
Section 106 grant	74,327	301,262	(2,221)	914	-	374,282
	<u>2,583,845</u>	<u>308,502</u>	<u>(75,559)</u>	<u>26,507</u>	<u>-</u>	<u>2,843,295</u>
Total restricted funds	<u>2,254,439</u>	<u>1,466,945</u>	<u>(1,217,275)</u>	<u>-</u>	<u>(129,000)</u>	<u>2,375,109</u>
Total of funds	<u>2,308,957</u>	<u>1,479,046</u>	<u>(1,221,675)</u>	<u>-</u>	<u>(129,000)</u>	<u>2,437,328</u>

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

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer from GAG relates to funding towards fixed asset additions in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. The closing balance relates to funds not spent at the year end.

The DfE/EFA restricted funds consists of Universal Infant Free School Meals (UIFSM), High Level Needs funding and PE Sport Grant. All funds have been spent in full within the year.

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16. STATEMENT OF FUNDS (continued)

Other donations consists of £4,193 received from the Local Authority as part of the Section 106 funding and £1,000 received from Leicestershire Academies Insurance Scheme (LAIS) towards health and safety improvements. The income was fully spent in the year.

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

Restricted fixed asset funds

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

The transfer from Local Authority relates to the value of £2,325,446 (leasehold land and buildings plus moveable assets) transferred from the Local Authority to the Academy on conversion. The closing balance relates to the net book value of the assets concerned.

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

The Academies Capital Maintenance Fund (ACMF) relates to funding received towards the cost of roof repairs, a classroom extension, toilet refurbishments and emergency lighting. The closing balance relates to the net book value of the assets concerned.

Other donations relates to amounts received from Friends of Hill Top towards the purchase of iPads and playground equipment. The closing balance relates to the net book value of the assets concerned.

Section 106 grant income consists of Local Authority funding for the construction of a modular classroom and an extension to the hall and staffroom. The closing balance relates to the net book value of the assets concerned.

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	2,843,295	2,843,295	2,583,845
Current assets	58,384	206,636	-	265,020	298,549
Current liabilities	3,835	(77,822)	-	(73,987)	(138,437)
Pension scheme liability	-	(597,000)	-	(597,000)	(435,000)
	<u>62,219</u>	<u>(468,186)</u>	<u>2,843,295</u>	<u>2,437,328</u>	<u>2,308,957</u>

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

	2016 £	2015 £
Net income for the year (as per statement of financial activities)	257,371	38,061
Adjustment for:		
Depreciation charges	75,559	68,584
Interest receivable	(1,060)	(987)
Increase in stocks	(1,758)	-
Decrease/(increase) in debtors	69,154	(58,783)
(Decrease)/increase in creditors	(64,450)	34,277
Capital grants from DfE and other capital income	(309,416)	(87,072)
Defined benefit pension scheme cost less contributions payable	16,000	18,000
Defined benefit pension scheme finance cost	17,000	15,000
Net cash provided by operating activities	58,400	27,080

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	230,165	196,298
Total	230,165	196,298

20. CAPITAL COMMITMENTS

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

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	370,115

21. PENSION COMMITMENTS

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

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

Contributions amounting to £15,954 were payable to the schemes at 31 August 2016 (2015 - 13,377) 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

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21. PENSION COMMITMENTS (continued)

Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £67,309 (2015 - £59,429).

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 £68,000 (2015 - £60,000), of which employer's contributions totalled £53,000 (2015 - £47,000) and employees' contributions totalled £15,000 (2015 - £13,000). The agreed contribution rates for future years are 21.4% - 22.4% for employers and 5.5 - 12.5% for employees.

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

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21. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

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

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

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

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21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016	Fair value at 31 August 2015
Equities	394,000	256,000
Debt instruments	98,000	82,000
Property	49,000	43,000
Cash	5,000	8,000
Total market value of assets	<u>546,000</u>	<u>389,000</u>

The actual return on scheme assets was £16,000 (2015 - £13,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS102 report for Fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

Asset model

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

Key subjective assumptions are:

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

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

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

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21. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(69,000)	(65,000)
Net interest cost	(17,000)	(15,000)
Total	(86,000)	(80,000)

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

	2016 £	2015 £
At 1 September	824,000	730,000
Current service cost	69,000	65,000
Interest cost	33,000	28,000
Employee contributions	15,000	13,000
Actuarial gains/(losses)	203,000	(11,000)
Benefits paid	(1,000)	(1,000)
At 31 August	1,143,000	824,000

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

	2016 £	2015 £
At 1 September	389,000	316,000
Return on assets (excluding net interest on the net defined pension liability)	16,000	13,000
Actuarial gains and (losses)	74,000	1,000
Contributions by employer	53,000	47,000
Contributions by employees	15,000	13,000
Benefits paid	(1,000)	(1,000)
At 31 August	546,000	389,000

Sensitivity analysis

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

Change in assumptions as at 31 August 2016:

	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	15%	171,000
1 year increase in member life expectancy	3%	34,000
0.5% increase in the Salary Increase Rate	6%	70,000
0.5% increase in the Pension Increase Rate	8%	95,000

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22. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
AMOUNTS PAYABLE:		
Between 1 and 5 years	<u>7,951</u>	<u>3,318</u>

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. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee 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 following related party transactions took place in the period of account.

Vivid Laminating Technologies Limited - a company in which Richard Brewin (Chair of Trustees of the academy) is a director:

- The academy purchased office supplies from Vivid Laminating Technologies Limited totalling £120 (2015 - £nil) during the period. There were no amounts outstanding at 31 August 2016 (2015 - £nil).
- The academy made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transaction the academy has complied with the requirements of EFA's Academies Financial Handbook 2015.

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

25. CONNECTED CHARITIES

The Friends of Hill Top raises money for the school and then, in line with its own board decisions, donates funds for particular projects, or assets for the benefit of the school. The charity's net assets/reserves at 31 August 2016 were £11,196 (2015 - £8,009). The charity's gross income for the year to 31 August 2016 was £3,726 (2015 - £5,123), its expenditure was £540 (2015 - £3,463) and its surplus was £3,186 (2015 - £1,660).

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26. FIRST TIME ADOPTION OF FRS 102

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

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP	A	2,258,896	2,308,957
Total funds reported under FRS 102		<u>2,258,896</u>	<u>2,308,957</u>

Reconciliation of net income	Notes	31 August 2015 £
Net income previously reported under UK GAAP		44,061
Change in recognition of LGPS interest cost	A	(6,000)
Net income reported under FRS 102		<u>38,061</u>

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

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £6,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.