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**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

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**Stonebow**  
Every Child Matters Every Day Counts

**Stonebow Primary School**  
(A company limited by guarantee)

**Annual Report and Financial Statements**  
Year ended 31<sup>st</sup> August 2015

WEDNESDAY



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16/12/2015

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COMPANIES HOUSE

**Company Registration Number**  
**08353034 (England and Wales)**

4 Henley Way  
Doddington Road  
Lincoln  
LN6 3QR  
T 01522 507000  
E [info@lincoln.duntop.co.uk](mailto:info@lincoln.duntop.co.uk)

**DUNCAN  
& TOPLIS**  
CHARTERED ACCOUNTANTS  
AND BUSINESS ADVISERS

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Members**

Richard Seaman  
Tim Wilson  
Jane Fines

**Governors**

Jane Fines\* (Accounting Officer)  
Richard Seaman\* (Chair of Governors)  
Tim Willson\*  
Joanna Travis Roberts  
John Hardwick\*  
Amie Tyers\*  
Aaron Collins  
Lee Sonde\* (appointed 30/09/14)  
Matthew Lickness (appointed 01/10/14)  
Daniel Grabowski  
Andrew Travis\*  
Christine Cunningham  
Stephen Cook\* (resigned 07/08/14)  
Dawn Rose\*  
Siobhan Hunter (resigned 08/02/15)  
Marie Donaghy (appointed 26/09/14)  
Susan Brown (appointed 13/03/15)

*\*members of the Finance and Resource Management Committee*

**Senior Management Team**

Head Teacher	Jane Fines
Deputy Head Teacher	Martin Lees
English Co-ord	Susan Cunningham
Maths Co-ord	Hazel Wod

**Registered Office**

Stonebow Close  
Loughborough  
Leicestershire  
LE11 4ZH

**Company Registration Number**

08353034

**Auditors**

Duncan & Toplis Limited  
4 Henley Way  
Doddington Road  
Lincoln  
LN6 3QR

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**Bankers**

NatWest  
Loughborough Branch  
Market Place  
Loughborough  
LE11 3NZ

**Solicitors**

Legal Department  
Leicestershire County Council  
County Hall  
Glenfield  
Leicester  
LE3 8RT

## **GOVERNORS' REPORT**

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the period 1 September 2014 to 31 August 2015. The annual report serves the purpose of both a Governors' report and a directors' report under company law.

The trust operates an academy for pupils aged 4 to 11 serving a catchment area in Loughborough. It has a pupil capacity of 336 and a roll of 251 at 31<sup>st</sup> August 2015.

### **Structure, Governance and Management**

#### Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Governors of Stonebow Primary School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Stonebow Primary School.

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

#### Members' Liability

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

#### Governors' Indemnities

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

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5 million on any one claim.

#### Principal Activities

The principal activity of the Academy Trust is to advance for the public benefit by establishing, maintaining, carrying on, managing and developing a primary Academy offering a broad and balanced curriculum.

The principal activity of the Academy is to provide free education for pupils of different abilities between the ages of 4 and 11. The ethos of the academy is firmly based around its motto 'Every child matters, every day counts'.

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*Method of Recruitment and Appointment or Election of Governors*

On conversion to Academy from 1st February 2013 the Governors appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended. The Academy's Governing Body comprises the Head Teacher, a minimum of two Parent Governors, up to four Staff Governors.

Governors are appointed for a four year period, except that this time limit does not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

When appointing new Governors, the Governing Board will give consideration to the skills and experience mix of existing Governors in order to ensure that the Governing Board has the necessary skills to contribute fully to the Academy's development.

*Policies and Procedures Adopted for the Induction and Training of Governors*

The training and induction provided for new Governors will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As new Governors are infrequent then induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

*Organisational Structure*

The Board of Governors meets twice in the autumn and spring terms and once in the summer term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Board of Governors may from time to time establish working groups to perform specific tasks over a limited timescale.

There are two committees as follows:

*Finance and Resource Management Committee*

Terms of reference:

1. To carry out its functions in accordance with relevant statutory requirements, the Academies Financial Handbook and other government guidance.
2. To have delegated powers to make decisions, in accordance with the Academies Financial Handbook and the school's Scheme of Delegation and Financial Regulations.
3. In conjunction with the Head Teacher, to develop and implement long-term plans in relation to finance and other resources e.g. premises/grounds, equipment, ICT, etc.
4. To work with the Head Teacher and other committees to consider each year's School Improvement Plan, identify priorities and recommend an annual budget, which must be balanced, to the Full Governing Body for approval
5. To receive financial reports at least once each term and keep under review the school's actual financial performance, compared with budgeted performance, reporting any significant changes to the Full Governing Body.

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6. To monitor regularly implementation of the school's policies, procedures and practices in relation to health and safety and safety outcomes e.g. through accident statistics, and ensure that any deficiencies or weaknesses in health and safety procedures are rectified without delay.
7. To regularly review and update relevant policies and procedures, including the following:
  - Scheme of Delegation;
  - Financial Regulations;
  - Contingency and Business Continuity Plan (annually);
  - Risk Register (annually);
  - Teachers' Pay Policy (annually, for approval by the Full Governing Body);
  - Health and Safety.
8. In conjunction with the Head Teacher and other committees, to oversee funding bids.
9. To ensure that the school has adequate insurance cover.
10. To receive reports from the Accounting Officer (Head Teacher) and from Governor monitoring visits.
11. To act as the Audit Committee, providing assurance that risks are being adequately identified and managed by reviewing the risks to internal financial control and agreeing a programme of work to address, and provide assurance on, those risks.

*Pupils, Staff and Partnerships Committee*

Terms of reference:

1. To carry out its functions in accordance with relevant statutory requirements, government guidance and good practice.
2. To have delegated powers to make decisions, in accordance with the school's Scheme of Delegation.
3. To oversee the development and teaching of the school's curriculum and other activities undertaken by the school, having particular regard to statutory responsibilities e.g. in relation to equalities, religious education and collective worship, etc.
4. To analyse reports on standards and progress.
5. To oversee the staffing structure of the school, ensuring that resources are deployed efficiently and effectively to meet the school's objectives.
6. In conjunction with the Head Teacher, to maintain and develop effective relationships with parents and partner organisations e.g. Friends of Stonebow, Loughborough Primary Academy Partnership, Loughborough Learning Alliance, and others within the local community.
7. To regularly review and update policies and procedures that relate to teaching and learning and personnel, including the following:
  - Equality information and objectives statement for publication (every four years);
  - Accessibility Plan (every three years).

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The following decisions are reserved to the Board of Governors:

- to consider any proposals for changes to the status or constitution of the Academy and its committee structure;
- to appoint or remove the chairman and / or vice chairman;
- to appoint the Head Teacher and clerk to the Governors; and
- to approve the Annual Development Plan and budget.

The Governors are responsible for setting general policy; adopting an annual plan and budget; approving the statutory account, monitoring the Academy by the use of budgets and other data and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Academy has a leadership structure which consists of the Governors and the Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Team (SLT) consists of the Head Teacher, Deputy Head teacher, Maths Co-ordinator and English Co-ordinator. The SLT controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them.

The Head Teacher and Finance and Resource Management Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to budget holders which must be authorised in line with the Scheme of Delegation. The Head Teacher is responsible for the appointment of staff and a Governor presence is required for senior appointments. The Head Teacher is the Accounting Officer.

#### **Risk Management**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances.

The Governors have implemented a system to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health & safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of Academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls and this is monitored annually by the Internal Audit Department at Leicestershire County Council.

The Academy has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.



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*Related Parties and other Connected Charities and Organisations*

Playfit, the before and after school childcare club use the Academy's facilities.

The Academy also has strong collaborative links with the Academy group LPAP (Loughborough Primary Academy Partnership) and is a member of the Loughborough Learning Alliance.

There are no related parties which either control or significantly influence the decisions and operations of the Academy.

The Academy has an active Parents' association, Friends of Stonebow.

Currently there are no sponsors associated with the Academy.

**Objective and Activities**

*Objects and aims*

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing and maintaining a broad, creative and balanced curriculum catering for all children's' needs, regardless of their academic ability, social or cultural background.

The principal object and activity of the Charitable Company is the operation of Stonebow Primary School to provide free education and care for pupils of different abilities between the ages of 4 and 11.

The aims of the Academy during the year ended 31 August 2015 are summarised below:

- To create independent, resilient learners who are challenged to achieve their best.
- To maintain an inclusive ethos in which individuals of all needs and abilities can thrive.
- To prepare our children to be responsible citizens in an ever changing world.
- To deliver an enriching, creative curriculum which will inspire and enthuse our children.
- To establish and develop positive partnerships with our families and the wider community.
- To provide a safe, secure and nurturing environment which supports the health and wellbeing of all .

In order to achieve our aims and values, in the academy you will see:

- A happy, caring environment with equal opportunities for all.
- An innovative approach to teaching and an investigative approach to learning.
- Learners with lively, enthusiastic, enquiring minds who are motivated to solve problems.
- Competent users of technologies with the confidence to apply skills in any context.
- Tolerance, understanding and respect for other people's beliefs, race and cultures.
- Use of the outdoors for active learning and an enriching programme of trips, residential, visits and visitors.
- A consistent approach to behaviour with clear expectations throughout the school.
- Achievements that are recognised and successes that are celebrated.
- The involvement and support of parents to accelerate children's progress and achieve aspirational goals.
- Children making healthy choices and enjoying active lifestyles.

At Stonebow Primary School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should have pride in being part of a happy and caring environment.

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**Objectives, strategies and activities**

Key priorities for the year are contained in our School Improvement Plan. Improvement focuses identified for this year include:

- To increase the amount of outstanding teaching in order to accelerate the progress of all groups of learners.
- To improve attainment in English (especially reading) and Maths in order to exceed National expectations.
- To ensure children eligible for the Pupil Premium make accelerated progress so the attainment gap in reading, writing and maths is narrowed.
- To deliver outstanding provision which inspires learners through an integrated, cyclical and creative 'new' curriculum.
- To improve attendance year on year with a view to achieving 96%+ by 2017.
- To develop strategies for engaging parents which are successful in increasing involvement in learning and support at home.
- To extend school partnerships and make an increasingly effective contribution as part of a Teaching School Alliance.

Key activities and targets were identified in the Academy Improvement Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy.

**Public Benefit**

The Governors confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Loughborough and the surrounding area. As an Academy we have a duty to support other schools. We support these schools through use of our premises and specialist skills in music and MFL.

## **STRATEGIC REPORT**

**Achievements and Performance**

The total number of students in the year ended 31 August 2015 was 336. This is forecast to rise next year as a result of larger cohorts coming in at the bottom of the school.

In March 2015, an OFSTED inspection judged that the academy 'requires improvement'. Standards in KS 2 had declined in the two years since the school converted to an academy. A revised improvement plan was put in place to address key issues and a monitoring visit in July 2015 judged that the school had taken effective steps towards actions identified for improvement.

**Early Years Foundation Stage**

In 2015, in the Early Years Foundation Stage, the percentage of pupils achieving a 'good level of development' was 63%. This is in line with national expectations and a slight increase from 2014.

**Phonics screening**

In 2015, the percentage of pupils achieving the expected standard in the Year One Phonics Screening was 66% which is a 3% rise from 2014. However, this is still below national at 77% and will be a target for school improvement in 2015/16.

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**Key Stage 1**

	Reading		Writing		Maths	
	Sch	Nat	Sch	Nat	Sch	Nat
Level 2+	94%	90%	89%	87%	96%	93%
Level 2B+	85%	82%	70%	72%	79%	82%
Level 3	23%	32%	11%	17%	19%	26%
APS	16.5	16.6	14.7	15.3	16.1	16.4

In 2015, attainment at Level 2+ improved in reading and maths and remains slightly above national results in all subjects. Although attainment is broadly in line with national in all subjects at 2B+ this is not the case at 2A particularly in writing nor at level 3 in all subjects. Therefore, APS in all subjects was slightly below national. Boys attainment exceeded girls in all subjects, most significantly in maths. Although the 'in school' gap between disadvantaged pupils and their peers has narrowed when compared to 2014, this remains wider than the national gap.

**Key Stage 2**

Subject	Nat 4C+	School % at 4C+		Nat 15 4B+	School % at 4B+		Nat 15 5+	School % at 5+	
		2015	2014		2015	2014		2015	2014
Reading	89%	93%	70%	80%	80%	68%	48%	41%	32%
Writing	87%	83%	81%				36%	22%	16%
GPS	80%	76%	68%	73%	63%	59%	55%	56%	35%
Maths	87%	90%	84%	77%	73%	70%	41%	37%	38%

Attainment improved in all subjects and at all levels compared to 2014 apart from Maths at Level 5. Most significant improvements are reading at Level 4C+ and Grammar, Punctuation and Spelling at level 5. The percentage of pupils achieving Level 4 + in reading, writing and maths increased to 78% compared to 67% in 2014.

Progress measures and VA are still low but strategies to improve progress especially in KS 2, will be a key features of the Improvement Plan in 2015/16.

To ensure that standards are continually maintained and improved, the Academy operates a programme of lesson observations, work scrutinies and learning walks which are undertaken by the Senior Leadership Team. The turbulence in staffing and leadership roles, including the appointment of a new Deputy Head Teacher in January 2015 is also significant in contributing to what has been a challenging year for the academy.

There is a robust system of Performance Management for all teaching and support staff which is linked to the school's priorities. Performance Management interviews are conducted by the Head Teacher and senior leaders for all teaching staff. The Performance Management Policy complies with the Teachers Pay and Conditions documentation.

An external advisor is employed annually to assist PM Governors to conduct the Head Teacher's Performance Management.

**Key Performance Indicators**

The key performance indicators are considered within the strategic report and financial review.

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**Going Concern**

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust 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 note of the financial statements.

**Financial Review**

Most of the Academy's income is obtained from the DfE via the Educational Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year from 1<sup>st</sup> September 2014 to 31st August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and these are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2015, total expenditure of £1,415,590 was covered by recurrent grant funding from the DfE. Incoming resources for the year totalled £1,364,403 (excluding restricted fixed asset funds). The deficit of income over expenditure for the year (excluding restricted fixed asset funds) was £51,187.

At 31 August 2015 the net book value of fixed assets was £2,535,280 and movements in tangible fixed assets are shown in Note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

**Reserves Policy**

The Governing Body are developing a Reserves policy, which takes into account the future plans of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 25 to the financial statements.

**Investment Policy**

The Finance and Resource Management Committee of the Governing Body, alongside the Academy's Finance Officer is currently exploring ways to ensure that all funds surplus to immediate requirements are invested to optimal effect. The Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day to day management of the surplus funds will be delegated to the Head Teacher and Finance Director within strict guidelines approved by the Governing Body.

**Financial and Risk Management Objectives and Policies**

The Academy has agreed a Risk Management Strategy, a Risk Register and a Business Continuity Plan. These have been discussed by Governors and include the financial risks to the Academy.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 25 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimized.

#### Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy are as follows:

**Financial** - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 94% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. Changes in special educational needs funding will impact over the next few years.

**Failures in governance and / or management** - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

**Reputational** - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

**Safeguarding and child protection** - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.

**Staffing** - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

**Fraud and mismanagement of funds** - The Academy has appointed the Internal Audit Department at Leicestershire County Council to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

#### **Plans for Future Periods**

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

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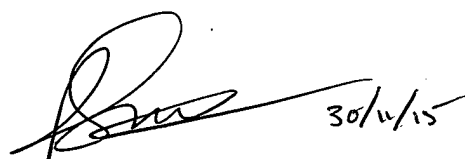
The Academy will continue to promote a wide range of extra-curricular activities and seek to increase student engagement in these activities.

**Auditor**

In so far as the Governors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Governors' report, incorporating strategic report, approved by order of the members of the Governing Body on 30 November 2015 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to be 'R Seaman', with the date '30/11/15' written to its right.

.....  
~~Tim Wilson~~ **RICHARD SEAMAN**  
Chair of Finance

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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

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

**Governance**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met five times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mrs J Fines (Head Teacher)	5	5
Mrs J Travis Roberts	3	5
Mr M Lickess	4	4
Mr T Willson	5	5
Mrs S Bown	2	2
Mrs S Hunter (Resigned xxxx)	2	2
Mrs M Donaghy	4	5
Mr L Sonde	4	4
Mr D Grabowski	5	5
Mr A Collins	3	5
Mrs S Cunningham	4	5
Mr R Seaman (Chair of Governors)	5	5
Mr Hardwick	4	5
Mrs D Rose	3	5
Miss A Tyers	3	5
Mr A Travis	5	5

**Governance reviews**

This year, the Governing Body has been pro-active in undertaking reviews on the effectiveness of the Governors.

Ofsted thoroughly reviewed the Governing body in March 2015 and further to their findings, the board of Governors commissioned a full external review by Jean Lewis, a National Leader in Governance. This review is ongoing and has already brought about the following changes:

- Restructure and streamlining of Governor Committees to improve efficiency and effectiveness.
- Strategic input and review of School Improvement Plan.

The Governing Body will continue with the ongoing review by the National Leader in Governance and will respond as required to the recommendations made.

The Governing Body will undertake an internal self-evaluation in the summer term.

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The Finance and Resource Management Committee is a sub-committee of the main Governing Body.

Attendance at meetings during the year was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr T Willson (Chair)	5	6
Mr J Hardwick	3	6
Mr R Seaman	3	6
Miss A Tyers	3	6
Mrs D Rose	3	6
Mr A Travis	3	6
Mr L Sonde	3	5
Mrs J Fines	6	6

#### **Review of Value for Money**

The Accounting Officer, the Head Teacher, has responsibility for ensuring that the academy trust 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 trust'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 available. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

Appointing a school business manager who will:

- Oversee purchasing processes to ensure the effectiveness of best value
- Undertake a supplier review
- With a network of business managers complete benchmarking exercises and use the data to inform future purchasing decisions.

#### **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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust 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 Stonebow Primary School for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.



### **The Risk and Control Framework**

The Academy Trust'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 Governing Body;
- regular reviews by the Finance and Resource 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;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Leicestershire County Council audit department to provide quality assurance for the financial systems and procedures operating in the school.

This role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On an annual basis, Leicestershire County Council audit department will report to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

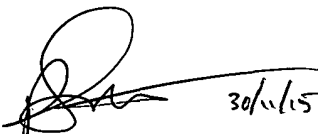
### **Review of Effectiveness**

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

- the work of the internal audit department of Leicestershire County Council;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Finance Officer who has 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 Resource Management 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 Governing Body on 30 November 2015 and signed on its behalf by:

  
.....  
**Tim Wilson** **RICHARD SEAMAN**  
**Chair of Finance**

  
.....  
**Jane Fines**  
**Accounting Officer**

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**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of Stonebow Primary School I have considered my responsibility to notify the Academy Trust Governing Body 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Governing Body 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.

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 Governing Body and EFA.

  
.....  
Jane Fines  
Accounting Officer

Date: 30 November 2015

### **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 30 November 2015 and signed on its behalf by:



30/11/15

.....  
~~Tim Wilson~~ RICHARD SEAMAN  
Chair of Finance

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**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STONEBOW PRIMARY SCHOOL**

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We have audited the financial statements of Stonebow Primary School for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement 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) and the Academies Accounts Direction 2014 to 2015 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 GOVERNORS AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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 Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' 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.

**UNQUALIFIED OPINION**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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**STONEBOW PRIMARY SCHOOL**

**(A company limited by guarantee)**

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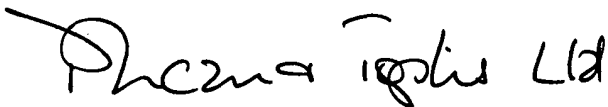
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STONEBOW PRIMARY SCHOOL**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Timothy Godson FCA (Senior statutory auditor)

for and on behalf of

**Duncan and Toplis Limited**

Chartered accountants and statutory auditors

4 Henley Way  
Doddington Road  
Lincoln  
Lincolnshire  
LN6 3QR  
30 November 2015

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 19 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stonebow Primary School during the year 1 September 2014 to 31 August 2015 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 Stonebow Primary School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stonebow Primary School and 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 Stonebow Primary School and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF STONEBOW PRIMARY SCHOOL'S ACCOUNTING OFFICER AND  
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Stonebow Primary School's funding agreement with the Secretary of State for Education dated 27 July 2012, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by 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.

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**STONEBOW PRIMARY SCHOOL**

**(A company limited by guarantee)**

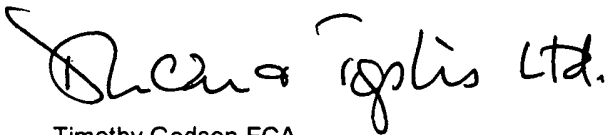
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO STONEBOW  
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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**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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Handwritten signature of Timothy Godson in black ink, reading "Duncan & Toplis Ltd.".

Timothy Godson FCA

**Duncan and Toplis Limited**

Chartered accountants and statutory auditors

4 Henley Way  
Doddington Road  
Lincoln  
Lincolnshire  
LN6 3QR

30 November 2015

**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	30,661	-	-	30,661	30,582
Activities for generating funds	3	33,936	9,094	-	43,030	43,480
Incoming resources from charitable activities	4	-	1,283,281	7,431	1,290,712	1,217,186
<b>TOTAL INCOMING RESOURCES</b>		<b>64,597</b>	<b>1,292,375</b>	<b>7,431</b>	<b>1,364,403</b>	<b>1,291,248</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities		54,917	1,275,877	57,484	1,388,278	1,255,834
Governance costs	6	-	27,312	-	27,312	23,293
<b>TOTAL RESOURCES EXPENDED</b>	9	<b>54,917</b>	<b>1,303,189</b>	<b>57,484</b>	<b>1,415,590</b>	<b>1,279,127</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>9,680</b>	<b>(10,814)</b>	<b>(50,053)</b>	<b>(51,187)</b>	<b>12,121</b>



**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between Funds	19	-	(7,876)	7,876	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>9,680</b>	<b>(18,690)</b>	<b>(42,177)</b>	<b>(51,187)</b>	<b>12,121</b>
Actuarial gains and losses on defined benefit pension schemes		-	(14,000)	-	(14,000)	(108,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>9,680</b>	<b>(32,690)</b>	<b>(42,177)</b>	<b>(65,187)</b>	<b>(95,879)</b>
<i>Total funds at 1 September 2014</i>		<u>107,349</u>	<u>(297,468)</u>	<u>2,577,457</u>	<u>2,387,338</u>	<u>2,483,217</u>
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b><u>117,029</u></b>	<b><u>(330,158)</u></b>	<b><u>2,535,280</u></b>	<b><u>2,322,151</u></b>	<b><u>2,387,338</u></b>

All activities relate to continuing operations.

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

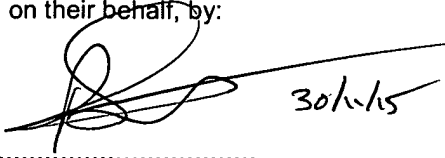
The notes on pages 26 to 45 form part of these financial statements.

**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	16		2,535,280		2,562,741
<b>CURRENT ASSETS</b>					
Debtors	17	37,538		38,624	
Cash at bank		<u>299,497</u>		<u>259,792</u>	
			337,035		298,416
<b>CREDITORS: amounts falling due within one year</b>	18	<u>(118,164)</u>		<u>(79,819)</u>	
<b>NET CURRENT ASSETS</b>			<u>218,871</u>		<u>218,597</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,754,151		2,781,338
Defined benefit pension scheme liability	25		<u>(432,000)</u>		<u>(394,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u>2,322,151</u>		<u>2,387,338</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	19	101,842		96,532	
Restricted fixed asset funds	19	<u>2,535,280</u>		<u>2,577,457</u>	
Restricted funds excluding pension liability		2,637,122		2,673,989	
Pension reserve		<u>(432,000)</u>		<u>(394,000)</u>	
Total restricted funds			2,205,122		2,279,989
Unrestricted funds	19		<u>117,029</u>		<u>107,349</u>
<b>TOTAL FUNDS</b>			<u>2,322,151</u>		<u>2,387,338</u>

The financial statements were approved by the Governors, and authorised for issue, on 30 November 2015 and are signed on their behalf, by:

 30/11/15  
.....  
**Tim Wilson** RICHARD SEAMAN  
Chair of Governors FINANCE

The notes on pages 26 to 45 form part of these financial statements.

**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	21	77,159	219,054
Capital expenditure and financial investment	22	(37,454)	(32,833)
<b>INCREASE IN CASH IN THE YEAR</b>		<u><b>39,705</b></u>	<u><b>186,221</b></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	<u>39,705</u>	<u>186,221</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>39,705</b>	<b>186,221</b>
Net funds at 1 September 2014	<u>259,792</u>	<u>73,571</u>
<b>NET FUNDS AT 31 AUGUST 2015</b>	<u><b>299,497</b></u>	<u><b>259,792</b></u>

The notes on pages 26 to 45 form part of these financial statements.

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

**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 Governors.

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of financial activities 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**1.4 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of 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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Leasehold Property	-	2% Straight line
Fixtures and fittings	-	25% Straight line
Computer equipment	-	33% Straight line

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**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Operating leases**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.8 Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.9 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 quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.10 Realignment of comparatives**

Following revisions to the EFA Accounts Direction, certain expenses in 2014/15 have been classified on a different basis to 2013/14. Where such differences arise, comparatives have been realigned to accord with 2014/15 classifications.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	9,127	-	9,127	9,826
Other voluntary income	21,534	-	21,534	20,756
	<u>30,661</u>	<u>-</u>	<u>30,661</u>	<u>30,582</u>
Voluntary income				
	<u>30,661</u>	<u>-</u>	<u>30,661</u>	<u>30,582</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings income	363	-	363	874
Catering income	17,257	-	17,257	31,249
Receipts from staff insurance claims	-	7,845	7,845	587
Other income	16,316	1,249	17,565	10,770
	<u>33,936</u>	<u>9,094</u>	<u>43,030</u>	<u>43,480</u>

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Funding for the Academy's educational operations	-	1,290,712	1,290,712	1,217,186

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**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	1,117,669	1,117,669	1,084,189
Other DfE/EFA grants	-	139,443	139,443	83,363
Devolved Formula Capital grant	-	7,431	7,431	7,330
	<u>-</u>	<u>1,264,543</u>	<u>1,264,543</u>	<u>1,174,882</u>
<b>Other government grants</b>				
SEN 1-1 Funding	-	26,169	26,169	42,304
	<u>-</u>	<u>26,169</u>	<u>26,169</u>	<u>42,304</u>
	<u>-</u>	<u>1,290,712</u>	<u>1,290,712</u>	<u>1,217,186</u>

**5. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Funding for the Academy's educational operations	<u>54,917</u>	<u>1,333,361</u>	<u>1,388,278</u>	<u>1,255,834</u>

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Funding for the Academy's educational operations	<u>1,047,689</u>	<u>57,484</u>	<u>283,105</u>	<u>1,388,278</u>	<u>1,255,834</u>



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**6. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Governance Auditors' remuneration	-	6,000	6,000	6,000
Governance Auditors' non audit costs	-	2,357	2,357	2,316
Legal and professional fees	-	13,367	13,367	10,153
Personnel fees	-	5,434	5,434	4,509
Governance - Trustees expenses reimbursed	-	154	154	315
	-	<b>27,312</b>	<b>27,312</b>	<b>23,293</b>

**7. DIRECT COSTS**

	Funding for the Academy's educational operations £	Total 2015 £	Total 2014 £
Educational supplies	50,870	50,870	35,024
Technology costs	14,171	14,171	10,176
Staff Development	10,191	10,191	17,276
Educational consultancy	1,422	1,422	1,155
Other costs	18,983	18,983	4,949
Wages and salaries	774,925	774,925	723,217
National insurance	45,294	45,294	41,664
Pension cost	124,169	124,169	111,009
Depreciation	57,484	57,484	53,091
	<b>1,097,509</b>	<b>1,097,509</b>	<b>997,561</b>

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**8. SUPPORT COSTS**

	Funding for the Academy's educational operations £	Total 2015 £	Total 2014 £
Pension income	8,000	8,000	9,000
Technology costs	1,554	1,554	2,457
Maintenance of premises and equipment	11,304	11,304	16,780
Cleaning	5,524	5,524	4,000
Rent and rates	18,259	18,259	25,510
Energy costs	27,325	27,325	14,726
Insurance	23,491	23,491	20,773
Security	1,408	1,408	2,038
Telephone, postage and stationary	3,710	3,710	3,019
Catering	78,857	78,857	53,343
Other costs	3,430	3,430	2,874
Bank interest and charges	5	5	10
Operating leases - other	4,601	4,601	7,202
Wages and salaries	81,689	81,689	79,839
National insurance	3,288	3,288	2,380
Pension cost	18,324	18,324	14,322
	<u>290,769</u>	<u>290,769</u>	<u>258,273</u>

**9. RESOURCES EXPENDED**

	Staff costs 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Direct costs	944,388	153,121	1,097,509	997,561
Support costs	103,301	187,468	290,769	249,273
<b>Charitable activities</b>	<u>1,047,689</u>	<u>340,589</u>	<u>1,388,278</u>	<u>1,246,834</u>
<b>Governance</b>	-	27,312	27,312	23,293
	<u>1,047,689</u>	<u>367,901</u>	<u>1,415,590</u>	<u>1,270,127</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Funding for the Academy's educational operations	<u>1,097,509</u>	<u>290,769</u>	<u>1,388,278</u>	<u>1,255,834</u>

**11. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the charity	57,484	53,091
Auditors' remuneration	6,000	6,000
Auditors non audit costs	<u>2,357</u>	<u>2,316</u>

**12. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	856,614	803,056
Social security costs	48,582	44,044
Other pension costs (Note 25)	142,493	125,331
	<u>1,047,689</u>	<u>972,431</u>
Supply teacher costs	<u>(16,318)</u>	<u>(17,261)</u>
	<u>1,031,371</u>	<u>955,170</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**12. STAFF (continued)**

**b. Staff numbers**

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	14	13
Admin, support and management	20	18
	<u>34</u>	<u>31</u>

**c. Higher paid staff**

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

**13. GOVERNORS' REMUNERATION AND EXPENSES**

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands:

	2015 £'000	2014 £'000
Mrs J Fines, Headteacher	*	*
Remuneration	55-60	15-20
Employers pension contribution	5-10	0-5
Mrs C Cunningham, Staff governor	*	*
Remuneration	40-45	40-45
Employers pension contribution	5-10	5-10
Mrs M Donaghy, Staff governor	*	*
Remuneration	30-35	10-15
Employers pension contribution	0-5	*
Mrs S Bown, Staff governor	*	*
Remuneration	0-5	-
Employers pension contribution	0-5	-
Mrs S Hunter, Staff governor	*	*
Remuneration	5-10	10-15
Employers pension contribution	0-5	0-5
Mrs D Rose, Staff governor	*	*
Remuneration	10-15	10-15
Employers pension contribution	0-5	0-5
Mrs O Wood, Headteacher	*	*
Remuneration	-	35-40
Employers pension contribution	-	5-10
Mr S Cook, Staff governor	*	*
Remuneration	-	35-40
Employers pension contribution	-	0-5

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During the year ended 31 August 2015, expenses totalling £154 (2014 - £315) were reimbursed to 3 Governors (2014 - 4).

**14. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,170 (2014 - £945). The cost of this insurance is included in the total insurance cost.

**15. OTHER FINANCE INCOME**

	2015 £	2014 £
Expected return on pension scheme assets	20,000	17,000
Interest on pension scheme liabilities	(28,000)	(26,000)
	<u>(8,000)</u>	<u>(9,000)</u>

**16. TANGIBLE FIXED ASSETS**

	Long Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2014	2,612,575	14,100	18,050	2,644,725
Additions	<u>3,600</u>	<u>23,283</u>	<u>3,140</u>	<u>30,023</u>
At 31 August 2015	<u>2,616,175</u>	<u>37,383</u>	<u>21,190</u>	<u>2,674,748</u>
<b>Depreciation</b>				
At 1 September 2014	73,042	3,412	5,530	81,984
Charge for the year	<u>46,310</u>	<u>4,354</u>	<u>6,820</u>	<u>57,484</u>
At 31 August 2015	<u>119,352</u>	<u>7,766</u>	<u>12,350</u>	<u>139,468</u>
<b>Net book value</b>				
At 31 August 2015	<u>2,496,823</u>	<u>29,617</u>	<u>8,840</u>	<u>2,535,280</u>
At 31 August 2014	<u>2,539,533</u>	<u>10,688</u>	<u>12,520</u>	<u>2,562,741</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**16. TANGIBLE FIXED ASSETS (continued)**

Included in long leasehold property is land at valuation of £298,000 (2014: £298,000) which is not depreciated.

**17. DEBTORS**

	2015 £	2014 £
Trade debtors	842	286
Other debtors	28,609	26,838
Prepayments and accrued income	8,087	11,500
	<u>37,538</u>	<u>38,624</u>

**18. CREDITORS:  
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	54,542	15,715
Other taxation and social security	13,923	13,573
Other creditors	16,833	15,045
Accruals and deferred income	32,866	35,486
	<u>118,164</u>	<u>79,819</u>

**Deferred income**

	£
Deferred income at 1 September 2014	27,722
Resources deferred during the year	25,747
Amounts released from previous years	<u>(27,722)</u>
Deferred income at 31 August 2015	<u>25,747</u>

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

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	11,756	64,597	(54,917)	-	-	21,436
Transfer from predecessor	95,593	-	-	-	-	95,593
	<u>107,349</u>	<u>64,597</u>	<u>(54,917)</u>	<u>-</u>	<u>-</u>	<u>117,029</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	79,522	1,117,669	(1,132,059)	(31)	-	65,101
Government grants	1,731	35,464	(30,165)	-	-	7,030
Other DfE/EFA Grants	12,455	130,148	(116,965)	-	-	25,638
Other income	2,824	9,094	-	(7,845)	-	4,073
Pension reserve	(394,000)	-	(24,000)	-	(14,000)	(432,000)
	<u>(297,468)</u>	<u>1,292,375</u>	<u>(1,303,189)</u>	<u>(7,876)</u>	<u>(14,000)</u>	<u>(330,158)</u>
<b>Restricted fixed asset funds</b>						
Assets from predecessor school	2,523,230	-	(45,960)	-	-	2,477,270
DfE/EFA capital grants	13,621	7,431	(2,351)	(11,596)	-	7,105
Capital expenditure from GAG	27,736	-	(8,023)	19,472	-	39,185
Capital expenditure from Friends of Stonebow	3,787	-	(967)	-	-	2,820
Capital expenditure from b/f funds	9,083	-	(183)	-	-	8,900
	<u>2,577,457</u>	<u>7,431</u>	<u>(57,484)</u>	<u>7,876</u>	<u>-</u>	<u>2,535,280</u>
Total restricted funds	<u>2,279,989</u>	<u>1,299,806</u>	<u>(1,360,673)</u>	<u>-</u>	<u>(14,000)</u>	<u>2,205,122</u>
Total of funds	<u>2,387,338</u>	<u>1,364,403</u>	<u>(1,415,590)</u>	<u>-</u>	<u>(14,000)</u>	<u>2,322,151</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

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**19. STATEMENT OF FUNDS (continued)**

Start up grant – these grants are awarded to assist the Academy during the conversion from a school. These were for recurrent expenditure, with any unspent funds available to carry forward.

Other DFE / EFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupils education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £14,000 actuarial increase in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

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 2015.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers In/out £	Gains/ (Losses) £	Carried Forward £
General funds	107,349	64,597	(54,917)	-	-	117,029
Restricted funds	(297,468)	1,292,375	(1,303,189)	(7,876)	(14,000)	(330,158)
Restricted fixed asset funds	2,577,457	7,431	(57,484)	7,876	-	2,535,280
	<u>2,387,338</u>	<u>1,364,403</u>	<u>(1,415,590)</u>	<u>-</u>	<u>(14,000)</u>	<u>2,322,151</u>



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

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	2,535,280	2,535,280	2,562,741
Current assets	117,029	220,006	-	337,035	298,416
Creditors due within one year	-	(118,164)	-	(118,164)	(79,819)
Provisions for liabilities and charges	-	(432,000)	-	(432,000)	(394,000)
	<u>117,029</u>	<u>(330,158)</u>	<u>2,535,280</u>	<u>2,322,151</u>	<u>2,387,338</u>

**21. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Continuing £	Discontinued £	2015 Total £	2014 £
Net incoming resources before revaluations	(51,187)	-	(51,187)	12,121
Depreciation of tangible fixed assets	57,484	-	57,484	53,091
Capital grants from DfE	7,431	-	7,431	7,330
Decrease in debtors	1,086	-	1,086	127,369
Increase in creditors	38,345	-	38,345	3,143
FRS 17 adjustments	24,000	-	24,000	16,000
<b>Net cash inflow from operations</b>			<u>77,159</u>	<u>219,054</u>

**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(30,023)	(25,503)
Capital grants from DfE	(7,431)	(7,330)
<b>Net cash outflow capital expenditure</b>	<u>(37,454)</u>	<u>(32,833)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	<u>259,792</u>	<u>39,705</u>		<u>299,497</u>
<b>Net funds</b>	<u>259,792</u>	<u>39,705</u>		<u>299,497</u>

**24. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education for same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy servicing notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

**25. 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 defined benefit 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 2004 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme  
Introduction**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**25. PENSION COMMITMENTS (continued)**

benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives

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**25. PENSION COMMITMENTS (continued)**

bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 2015 was £57,000, of which employer's contributions totalled £45,000 and employees' contributions totalled £12,000. The agreed contribution rates for future years are 20% for employers and varied rates% 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.

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.70	268,000	6.30	240,000
Bonds	3.70	85,000	3.30	58,000
Property	3.70	45,000	4.50	34,000
Cash	3.70	8,000	3.30	10,000
Total market value of assets		<u>406,000</u>		<u>342,000</u>
Present value of scheme liabilities		<u>(838,000)</u>		<u>(736,000)</u>
Deficit in the scheme		<u><u>(432,000)</u></u>		<u><u>(394,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(838,000)	(736,000)
Fair value of scheme assets	<u>406,000</u>	<u>342,000</u>
Net liability	<u><u>(432,000)</u></u>	<u><u>(394,000)</u></u>

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FOR THE YEAR ENDED 31 AUGUST 2015**

**25. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of financial activities are as follows:

	2015 £	2014 £
Current service cost	(61,000)	(50,000)
Interest on obligation	(28,000)	(26,000)
Expected return on scheme assets	<u>20,000</u>	<u>17,000</u>
Total	<u>(69,000)</u>	<u>(59,000)</u>

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

	2015 £	2014 £
Opening defined benefit obligation	736,000	544,000
Current service cost	61,000	50,000
Interest cost	28,000	26,000
Contributions by scheme participants	12,000	12,000
Actuarial Losses	8,000	122,000
Benefits paid	<u>(7,000)</u>	<u>(18,000)</u>
Closing defined benefit obligation	<u>838,000</u>	<u>736,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	342,000	274,000
Expected return on assets	20,000	17,000
Actuarial gains and (losses)	(6,000)	14,000
Contributions by employer	45,000	43,000
Contributions by employees	12,000	12,000
Benefits paid	<u>(7,000)</u>	<u>(18,000)</u>
	<u>406,000</u>	<u>342,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £133,000 (2014 - £119,000).

The Academy expects to contribute £46,000 to its Defined benefit pension scheme in 2016.

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

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	66.00%	70.00%
Bonds	21.00%	17.00%
Property	11.00%	10.00%
Cash	2.00%	3.00%

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.70%	3.70%
Expected return on scheme assets at 31 August	3.70%	5.50%
Rate of increase in salaries	4.50%	4.40%
Rate of increase for pensions in payment / inflation	2.60%	2.60%

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

	2015	2014
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

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £	2011 £
Defined benefit obligation	(838,000)	(736,000)	(544,000)	-	-
Scheme assets	406,000	342,000	274,000	-	-
Deficit	(432,000)	(394,000)	(270,000)	-	-
Experience adjustments on scheme liabilities	(8,000)	(122,000)	(10,000)	-	-
Experience adjustments on scheme assets	(6,000)	14,000	(1,000)	-	-

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**SENSITIVITY ANALYSIS**

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

	Approx % increase to employer liability %	Approx. monetary amount £
0.5% decrease in Real Discount Rate	12	97,000
1 year increase in member life expectancy	3	25,000
0.5% increase in the Salary Increase Rate	5	45,000
0.5% increase in the Pension Increase Rate	6	50,000

**26. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2015	2014	2015	2014
	£	£	£	£
<b>Expiry date:</b>				
Between 2 and 5 years	-	-	<u>7,520</u>	<u>7,520</u>

**27. RELATED PARTY TRANSACTIONS**

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

During the year there were no such transactions.

**28. CONTROLLING PARTY**

The Governors' as a body have ultimate control of the Academy.

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**DUNCAN  
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CHARTERED ACCOUNTANTS  
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