

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
(A company limited by guarantee)

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

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

<b>Members</b>	Mr G North Mr S A Beals Mr H Jones Diocese of Leicester Educational Trust
<b>Trustees</b>	Mr S A Beals, Vice Chair to 28 September 2016, Chair from 28 September 2016 Mr G North, Chair to 28 September 2016 Mr H Jones, Vice Chair from 28 September 2016 Rev M Broadley, Ex Officio Rev W Dalrymple, Ex Officio Ms D Green Mr R White Mr A Duxbury Mrs J Harker Mrs S Weaver Mrs N Ferey (resigned 1 October 2015) Mrs E Lawton Miss E Wing Mrs W Wakefield, Headteacher and Accounting Officer
<b>Company registered number</b>	09023805
<b>Company name</b>	Loughborough Church of England Primary School
<b>Principal and registered office</b>	Loughborough Church of England Primary School William Street Loughborough Leicestershire LE11 3BY
<b>Company secretary</b>	Mrs S Yates
<b>Senior management team</b>	Mrs W Wakefield, Headteacher Mrs N Ferey, Assistant Headteacher Mrs R Busby, Assistant Headteacher
<b>Independent auditors</b>	Clear & Lane Limited Chartered Accountants Statutory Auditors 340 Melton Road Leicester LE4 7SL
<b>Bankers</b>	NatWest Bank Plc Market Place Loughborough Leicestershire LE11 3EA
<b>Solicitors</b>	Lee Bolton Monier Williams 1 The Sanctuary London LE11 3EA

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

The Trust operates as an Academy for pupils aged 4 to 11 serving the area of Loughborough. It has a pupil capacity of 210 and had a roll of 207 on the school census at August 2016.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **• Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The charitable company was incorporated on 2 May 2014. The school converted to Academy status on 1 June 2014 when its operations, assets and liabilities were transferred to the Academy from the Local Authority.

The Governors of Loughborough Church of England Primary School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Loughborough Church of England Primary School.

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

### **• Members' liability**

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

### **• Trustees' indemnities**

In accordance with normal 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 a maximum value of £3,000,000 and in the period under review the sum of £259 inclusive of tax was paid.

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

Foundation Governors continue to be elected following nomination by the Parochial Church Councils of the ecclesiastical parishes of either Loughborough Emmanuel or Loughborough All Saints with Holy Trinity to the Diocese of Leicester.

Parent Governors are elected by parents of registered pupils at the Academy. An elected Parent Governor must be a parent of a pupil at the Academy at the time s/he is elected. The election process provides for every person who is entitled to have an opportunity to do so by post, or if s/he prefers, by having a ballot paper returned to the Academy Trust by a registered pupil at the Academy.

The Governing Body takes such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, and given an opportunity to do so. Where it is not reasonably practical to appoint a person who is the parent of a registered pupil at the Academy, a person who is a parent of a child of compulsory school age can be appointed.

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

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

Newly appointed Governors are provided with a copy of the Governors Handbook outlining their roles and responsibilities as Governor of the Academy Trust. There is also ongoing training such as Governor Induction training provided by Leicestershire County Council, the local teaching school and Loughborough Primary Academies Partnership (LPAP). There is also training provided in specific areas of Governance and Management of the Academy Trust. Governors also receive regular updates from the National Governor Association to keep abreast of the latest developments.

Foundation Governors also receive specific training opportunities provided by the Diocesan Board of Education for Leicester.

- **Organisational structure**

The Headteacher has taken the role of Accounting Officer and the School Business Manager is Financial Director and Company Secretary.

The Full Governing Body continues to meet at least twice per term, one with a focus on Curriculum related matters and the other with a resources focus. This has enabled the Governing Body to continue to keep close to the different way of monitoring pupil academic performance this year. In addition, there is a termly meeting of the Health & Safety committee with this specific focus which is aided by external professional support. This year we have also established an Ethos committee whose primary function will be to support the school in maintaining and developing its Christian ethos, in accordance with its mission statement. The committee had held the first meeting and begun work on reviewing the school values.

Decisions at the full Governing Body meetings are made in line with the Academy Trusts Articles of Association.

The school is managed on a daily basis in line with the policies and processes approved by the Governing Body, subject to ongoing review and updating, which is also in accordance with the schools funding agreement.

- **Pay policy for key management personnel**

Arrangements for setting pay and remuneration of key management personnel, including performance management are carried out by the Trustees Pay committee following Leicestershire County Council guidelines.

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

The Academy Trust, whilst a standalone Academy, remains a member of the Loughborough Primary Academies Partnership. This is a network of schools based in the immediate locality which collaborates to ensure the children of Loughborough receive the best possible education. LPAP works together on developing policies, shares best practices within the educational arena and provides a network across different areas within schools such as School Business Managers, Premises Officers, etc.

This Academy continues to enjoy a close relationship with the Diocesan Board of Education given our links as a Church school. This year our Head Teacher has been appointed as an Inspector for the Statutory Inspection of Anglican and Methodist Schools (SIAMS) and has worked with other Church schools to develop partnerships.

The Academy has a separate PFA (Parents & Friends Association) known as the Loughborough CE Primary School PFA, charity number 1095995. Fundraising for the school is carried out through this associated body made up of parents, staff and friends.

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

**OBJECTIVES AND ACTIVITIES**

- **Objects and aims**

The Academy Trust's objective is to advance for the public benefit education in the Loughborough area by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, having regard to advice provided by the Diocesan Board of Education.

- **Objectives, strategies and activities**

See copy of School Development Plan (Appendix 1).

- **Public benefit**

The Governors confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

- A. To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy"); and
- B. To promote for the benefit of the inhabitants of Loughborough and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

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

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

• **Key performance indicators**

**Outcomes for Pupils/SATs results**

**KS2 results**

	KS2	%level 4+	%level 5+	%level 6	Points progress KS1 to KS2
2013/14	Reading	100	66	0	14.7
	GPS	97	69	7	N/A
	Maths	100	31	10	13.7
	Writing TA	100	24.2	0	17.3
2014/15	Reading	100	64.5	0	14.2
	GPS	87	67.7	3.2	N/A
	Maths	100	48.4	3.2	13.7
	Writing TA	100	64.5	3.2	13.2

	KS2	% At expected standard	Test Scaled Scores			
			Other	<100	100+	Average
2015/16	Reading	75	3.1	18.8	78.1	104.8
	GPS	84.4	3.1	12.5	84.4	104.5
	Maths	87.5		12.5	87.5	104.7
	Writing (TA)	75	N/A	N/A	N/A	N/A

**Y4 (TA)**

	Y4 (TA)	%level 3c+	%level 4c+	Points progress KS1 to Y4
2013/14	Reading	100	34.3	7.8
	GPS	N/A	N/A	N/A
	Maths	93.8	48	7
	Writing	96.9	15.6	7.1
2014/15	Reading	N/A	N/A	6.4
	GPS	N/A	N/A	N/A
	Maths	N/A	N/A	6.5
	Writing	N/A	N/A	6.7

	Y4 (TA)	%working below expectation	% working at expectation	% working above expectation
2015/16	Reading	30	53.3	16.7
	GPS	N/A	N/A	N/A
	Maths	23.3	53.3	23.3
	Writing	40	46.7	13.3

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**TRUSTEES' REPORT (continued)**  
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**KS1 results**

	KS1	%level 2c+	%level 2b+	%level 3	Points progress Entry to End KSI
2013/14	Reading	86.7	80	30	16.2
	Writing	73.3	66.7	6.7	14.2
	Maths	93.3	76.7	13.3	15.4
2014/15	Reading	92.9	78.6	32.1	16.1
	Writing	89.3	57.1	3.6	14.4
	Maths	89.3	82.1	7.1	15.3

  

	KS1	% Working towards	% Working At	% Greater Depth
2015/16	Reading	93.1	82.7	34.4
	Writing	100	72.4	20.6
	Maths	100	72.4	27.5

Due to the recent changes in Assessments it is not possible to compare 2015/16 results with previous data or measure progress across Key Stages. In addition, all data is subject to validation.

● **Going concern**

After making appropriate enquires, 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 Statement of Accounting Policies.

**FINANCIAL REVIEW**

● **Financial review**

The Academy had a net movement in funds for the year ended 31 August 2016 of (£64,623) including fixed assets movements. As at 31 August 2016 the Academy held £186,181 of unrestricted reserves plus £141,837 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £328,018.

The Academy trust had a pension deficit on their Local Government Pension Scheme of £601,000 at 31 August 2016 and a fixed asset reserve of £589,927 being the book value of past purchases.

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

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

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

The Trustees have been in regular dialogue with their professional advisors and the Diocese in connection with the valuation of the Academy's land and buildings. This concern was raised by Clear & Lane as part of their usual audit process. We still have not got firm advice from our various professional advisers on how we should deal with this asset of the Academy. Therefore, the Trustees did not wish to progress to seeking a formal valuation, if this was required, until this matter is satisfactorily resolved.



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

### **• Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately 5 - 6% of the annual budget, being £75,000.

Actual free reserves plus unspent GAG as at 31 August 2016 were £328,018, being higher than the target level set by the Trustees by £253,018. The Trustees currently have their reserves target under review and are considering which areas of school spending may benefit from any excess above the revised target. The Academy held no other available restricted funds at the year end. Cash at bank at 31 August 2016 was £10,965 higher than total available reserves due principally to accruals timing differences.

At 31 August 2016 the Academy's fixed asset reserve of £559,913 of funds which could only be realised if the assets were sold.

The only reserve in deficit at the year end was the pension reserve (deficit of £601,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

### **• Material investments policy**

The Academy aims, and has a responsibility to, manage its cash balances to provide day to day working capital requirements of its operations, whilst ensuring a suitable return. Optimising returns whilst ensuring that any investments made are low risk is proving challenging in a low interest rate environment which has now continued for a number of years. The Finance Director will continue to monitor our investment policy over the coming year and ensure that suitable investments are pursued in order to optimise the benefits of any investment.

### **• Principal risks and uncertainties**

The Academy Trust has completed a Risk Register which is subject to ongoing review by the Governing Body. The Risk Register identifies areas which are being addressed as part of the Academy Trusts ongoing improvement philosophy. These areas are ongoing matters which are prioritised to ensure effective governance and risk mitigation/management.

The external and internal controls for managing risks deemed as medium and high are incorporated into Audit Action Plan. The effectiveness of the Academy's internal controls in managing the risks identified is regularly monitored.

A thorough appraisal is undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. The national funding policy remains a key concern for the Governors where greater demands are made on the Academy against a primarily fixed cost overhead base. In addition to the annual review, the Committee will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the Academy or as a result of its partnership with LPAP.

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

A risk register, covering low, medium and high level risks, is maintained at Academy level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

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

**1. Government funding**

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

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

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

**2. Maintain adequate funding of pension liabilities**

The financial statements report the share of the local government pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102.

The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

**3. Pupil Strategy**

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

- Ensuring the Academy delivers high quality education and training;
- Maintaining and further improving inspection outcomes;
- Investing in its teaching staff and resources;
- Further developing buildings and grounds.

**PLANS FOR FUTURE PERIODS**

**• Future developments**

The Academy intends to fully undertake the areas of development as detailed in the School Development plan 2016/2017.

**Funds held as custodian**

The Academy does not hold any funds as Custodian Trustee on behalf of others.

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

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

**Auditors**

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

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 7 December 2016 and signed on the board's behalf by:

**Mr S A Beals**  
**Chair of Trustees**

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

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

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr S A Beals	4	6
Mr G North	6	6
Mr H Jones, Vice Chair from 28 September 2016	5	6
Rev W Dalrymple	5	6
Ms D Green	3	6
Mr R White	6	6
Mr A Duxbury	5	6
Mrs J Harker	6	6
Mrs S Weaver	2	6
Mrs N Ferey	0	6
Mrs E Lawton	4	6
Miss E Wing	5	6
Mrs W Wakefield, Headteacher	6	6
Rev M Broadley	3	6

Mrs E Lawton replaced Mrs N Ferey as a Staff Governor which was reflected in the Academy's last Annual Reports as a post year end change. The Governing Body wishes to place on records its thanks to Mrs Ferey for her valuable contribution during her term of office. The Governing Body also welcomes Mrs Lawton who has made a particularly useful contribution in explaining and demonstrating progress with the School's new performance monitoring of pupils' progress.

On 28 September 2016, Mr G North resigned as Chair and was replaced by Mr S A Beals, whilst Mr H Jones replaced Mr S A Beals as the Vice Chair.

**Governance reviews:**

We have continued to meet alternately with a focus on curriculum and finance. This has enabled us to have specific focus yet allow urgent matters to be brought to the attention of the Governing Body in a timely manner. There have also been termly meetings of the Health & Safety committee, along with the recently established Ethos committee.

We currently have a vacancy for a Foundation Governor. The new Governor will be appointed with a view to complementing the existing experience and skill set currently provided within the Governing Body. We continue to benefit from a broad skill set which enables challenge to and support of the Senior Management Team in ensuring the effective management of the school.

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**GOVERNANCE STATEMENT (continued)**

**Review of Value for money**

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

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

The Governing Body, Head Teacher, Senior Management Team and staff are committed to achieving best value in all aspects of Loughborough Church of England school to facilitate continuous improvement. Time and resources will concentrate on important issues that provide added value, and will not be wasted where minor improvements or small savings may be made.

There are four principles of best value:

- Challenge – is the school's performance high enough? Why and how is service provided? Does the school need it? Can it be delivered in a better manner?
- Compare – how does the school's financial and pupil performance compare with its peers?
- Consult – how does the school seek the views of stakeholders on school services?
- Compete – how does the school secure efficient, effective and quality services? Is the school getting value for money from suppliers?

The four principles of best value will be applied when making decisions about:

**Staffing:**

Staff are deployed to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio and curriculum management. Staffing is also managed to ensure differing needs of pupils are met.

**Use of premises:**

Consideration is given to the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, support services and central resources such as the library. The Academy constantly assesses the premises in order to make savings on associated costs. Currently the Academy has no external lettings.

**Use of Resources:**

Equipment, materials and services will be deployed to provide pupils and staff with resources that support quality of teaching and learning. Collaboration with LPAP is in place to share good practice, resources and economies of scale.

**Teaching:**

The quality of curriculum provision and teaching is reviewed to provide parents and pupils with a curriculum which meets the requirements of the National Curriculum. Teaching should build on previous learning and incorporate high expectations of children's achievement. Training provision is in place to improve the quality of teaching and raise the percentage consistently working at an outstanding level.

**Learning:**

The quality of children's learning is reviewed by cohort, class and group, to provide teaching that enables children to achieve above nationally expected progress. There was an increase in the delivery of out of hours learning opportunities in 2015-2016.

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**GOVERNANCE STATEMENT (continued)**

**Purchasing:**

Procedures are in place for assessing need and obtaining goods and services that provide best value in terms of suitability, efficiency, time and cost. Measures already in place includes competitive tendering procedures for goods and services, accepting best value quotes and purchasing certain goods or services from known, reliable suppliers. The Academy uses external brokers in order to gain the best price point for some services and energy costs. For building and maintenance needs, the school works with YMD Boon.

**Pupils' Welfare:**

The quality of the school environment and ethos is reviewed to provide a supportive environment conducive to learning and recreation.

**Health & Safety:**

The quality of the school environment and equipment is reviewed and the carrying out of risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors. Reports continue to be presented to the Health & Safety Committee and Governors. No major breaches of Health & Safety recorded in 2015-16.

**Monitoring:**

These areas will be monitored for best value by:

- In-house monitoring by the Head Teacher, Governors, SMT and Curriculum leaders.
- Target setting meetings between the Head Teacher and Curriculum leaders.
- Annual Performance Management.
- Annual Budget Planning.
- Head Teachers monthly financial review.
- Regular pricing review and benchmarking.
- Analysis of school pupil performance data by SMT and Governors.
- Analysis of Raise on-line pupil performance data.
- Analysis of financial data.
- OFSTED inspection reports.
- Governors' classroom observations/visits.
- Governors' meetings.
- Governors' Annual Finance Review/Auditor report.
- Governors Annual Strategic and Development Plan meeting.
- LPAP benchmarking.

**School Position:**

The School was last inspected by OFSTED in November 2012 with the following judgements awarded:-

Overall effectiveness:	Good Achievement
Quality of Teaching:	Good Behaviour and Safety of Pupils
Outstanding Leadership and Management:	Good

The School was inspected by the Diocese in March 2013 and was awarded outstanding in all areas.

All audits undertaken by the EFA, Leicestershire County Council Internal Audit Team and auditors appointed by the academy delivered satisfactory reports. The Academy has worked upon any feedback provided to ensure the school has a robust and effective management of its resources.

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**GOVERNANCE STATEMENT (continued)**

**The Purpose of the System of Internal Control**

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

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

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

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

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

The last internal audit visit was in October 2016. Various recommendations were made with respect to the Academy's controls and procedures. The Academy is in the process of addressing these points.

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**GOVERNANCE STATEMENT (continued)**

**Review of Effectiveness**

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

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

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

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on their behalf, by:

**Mr S A Beals**  
**Chair of Trustees**

**Mrs W Wakefield**  
**Accounting Officer**



**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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

**Mrs W Wakefield**  
**Accounting Officer**

Date: 7 December 2016

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on its behalf by:

**Mr S A Beals**  
**Chair of Trustees**

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**

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

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

**Respective responsibilities of Trustees and auditors**

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

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

**Scope of the audit of the financial statements**

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

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**

**Qualified opinion on financial statements**

The financial statements include a buildings valuation that was not provided by a professional valuer and upon which we have not been able to form an opinion. We suspect the valuation may be too low relative to the size, age and condition of the buildings. We have not been able to estimate the level of inaccuracy given the absence of supporting workings, or assumptions provided with the valuation. In our opinion this qualification has negligible practical impact on the useability of the financial statements as the value attributed to buildings has no impact on usable reserves.

In our opinion, except for the effect of the matter described in the basis for qualified opinion paragraph, the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Clear & Lane Limited**

Chartered Accountants  
Statutory Auditors

340 Melton Road  
Leicester  
LE4 7SL  
Date:

## **LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**

**(A company limited by guarantee)**

### **INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

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

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

#### **Respective responsibilities of Loughborough Church of England Primary School's accounting officer and the reporting auditors**

The accounting officer is responsible, under the requirements of Loughborough Church of England Primary School's funding agreement with the Secretary of State for Education dated 1 February 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

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

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

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

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

The work undertaken to draw our conclusion includes:

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

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**

**(A company limited by guarantee)**

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

**Conclusion**

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Clear & Lane Limited**

Chartered Accountants  
Statutory Auditors

340 Melton Road  
Leicester  
LE4 7SL

Date:

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**

(A company limited by guarantee)

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

		<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Restricted fixed asset funds 2016 £</b>	<b>Year to 31 August Total funds 2016 £</b>	<b>15 months to 31 August Total funds 2015 £</b>
	<b>Note</b>					
<b>INCOME FROM:</b>						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	-	-	-	-	252,467
Other donations and capital grants	2	-	3,358	6,329	9,687	55,016
Other trading activities	3	38,941	-	-	38,941	2,864
Charitable activities	4	-	1,042,790	-	1,042,790	1,214,558
<b>TOTAL INCOME</b>		<b>38,941</b>	<b>1,046,148</b>	<b>6,329</b>	<b>1,091,418</b>	<b>1,524,905</b>
<b>EXPENDITURE ON:</b>						
Raising funds		34,667	-	-	34,667	3,769
Charitable activities	6	-	961,511	39,863	1,001,374	1,109,568
<b>TOTAL EXPENDITURE</b>	5	<b>34,667</b>	<b>961,511</b>	<b>39,863</b>	<b>1,036,041</b>	<b>1,113,337</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between funds	15	4,274	84,637 (63,548)	(33,534) 63,548	55,377 -	411,568 -
<b>NET INCOME BEFORE OTHER GAINS AND LOSSES</b>		<b>4,274</b>	<b>21,089</b>	<b>30,014</b>	<b>55,377</b>	<b>411,568</b>
Actuarial losses on defined benefit pension schemes	19	-	(120,000)	-	(120,000)	(30,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>4,274</b>	<b>(98,911)</b>	<b>30,014</b>	<b>(64,623)</b>	<b>381,568</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		181,907	(360,252)	559,913	381,568	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>186,181</b>	<b>(459,163)</b>	<b>589,927</b>	<b>316,945</b>	<b>381,568</b>

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**

**(A company limited by guarantee)**

**REGISTERED NUMBER: 09023805**

**BALANCE SHEET  
AS AT 31 AUGUST 2016**

	<b>Note</b>	<b>£</b>	<b>2016 £</b>	<b>2015 £</b>
<b>FIXED ASSETS</b>				
Tangible assets	11		<b>589,927</b>	539,656
<b>CURRENT ASSETS</b>				
Stocks	12	<b>3,063</b>	2,000	
Debtors	13	<b>43,123</b>	40,225	
Cash at bank and in hand		<b>338,983</b>	346,090	
		<b>385,169</b>	388,315	
<b>CREDITORS:</b> amounts falling due within one year	14	<b>(57,151)</b>	(102,403)	
<b>NET CURRENT ASSETS</b>			<b>328,018</b>	285,912
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>917,945</b>	825,568
Defined benefit pension scheme liability	19	<b>(601,000)</b>		(444,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>316,945</b>	381,568
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Restricted income fund	15	<b>141,837</b>	83,748	
Fixed asset fund	15	<b>589,927</b>	559,913	
Restricted funds excluding pension liability		<b>731,764</b>	643,661	
Pension reserve		<b>(601,000)</b>	(444,000)	
Total restricted funds			<b>130,764</b>	199,661
Unrestricted income funds	15		<b>186,181</b>	181,907
<b>TOTAL FUNDS</b>			<b>316,945</b>	381,568

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

**Mr S A Beals**  
**Chair of Trustees**

The notes on pages 24 to 43 form part of these financial statements.



**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Year ended 31 August 2016 £	Period ended 31 August 2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	17	<b>75,532</b>	368,698
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<b>(88,968)</b>	(75,797)
Capital grants from DfE/EFA and other capital income		<b>6,329</b>	53,189
<b>Net cash used in investing activities</b>		<b>(82,639)</b>	(22,608)
<b>Change in cash and cash equivalents in the year</b>		<b>(7,107)</b>	346,090
Cash and cash equivalents 1 September 2015		<b>346,090</b>	-
<b>Cash and cash equivalents 31 August 2016</b>	18	<b>338,983</b>	346,090

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

Loughborough Church of England Primary School constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

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

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

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

**1.2 FUND ACCOUNTING**

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

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

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

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

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

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

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

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

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

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

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

**1.4 EXPENDITURE**

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

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

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

All resources expended are inclusive of irrecoverable VAT.

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.5 GOING CONCERN**

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

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £500 are capitalised.

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

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..

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land (125 year lease)	-	over 125 years
Leasehold buildings	-	2% straight line
Fixtures and fittings	-	25% straight line
Fixtures and fittings - toilets	-	15% straight line
Computer equipment	-	33% straight line

**1.7 OPERATING LEASES**

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

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.8 STOCKS**

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

**1.9 CASH AT BANK AND IN HAND**

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

**1.10 LIABILITIES AND PROVISIONS**

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

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

**1.11 TAXATION**

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

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

**1.12 PENSIONS**

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

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

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

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

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

**1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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

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

**Defined benefit pension scheme**

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

**Tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

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**2. DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Year to 31 August Total funds 2016 £	15 months to 31 August Total funds 2015 £
Transfer from Local Authority on conversion	-	-	-	-	252,467
Donations	-	3,358	-	3,358	1,827
Capital grants	-	-	6,329	6,329	53,189
Subtotal	-	3,358	6,329	9,687	55,016
Total donations and capital grants	-	3,358	6,329	9,687	307,483

In 2015, of the total income from donations and capital grants, £146,467 was to unrestricted funds and £161,016 was to restricted funds

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Year to 31 August Total funds 2016 £	15 months to 31 August 2015 Total funds 2015 £
Consultancy income	32,343	-	32,343	-
Other income	6,598	-	6,598	2,864
	38,941	-	38,941	2,864

In 2015, of the total income from other trading activities, £ 363 was to unrestricted funds and £2,501 was to restricted funds.

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**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Year to 31 August Total funds 2016 £	15 months to 31 August 2015 Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	903,061	903,061	1,002,324
Other DfE/EFA grants	-	129,140	129,140	199,308
	-	1,032,201	1,032,201	1,201,632
<b>Other government grants</b>				
Local Authority grants	-	4,781	4,781	5,230
	-	4,781	4,781	5,230
<b>Other funding</b>				
Diocese repairs income	-	5,513	5,513	7,096
Other income	-	295	295	600
	-	5,808	5,808	7,696
	-	1,042,790	1,042,790	1,214,558

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,214,558 was to restricted funds.

**5. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	15 months to 31 August 2015 Total 2015 £
Expenditure on raising funds	34,184	-	483	34,667	3,193
Educational Operations:					
Direct costs	624,291	29,897	42,671	696,859	803,299
Support costs	104,569	69,977	129,969	304,515	310,845
	763,044	99,874	173,123	1,036,041	1,117,337

In 2015, of the total fundraising expenditure, £3,193 was to unrestricted funds and £NIL was to restricted funds.

In 2015, of the total educational operations expenditure, £NIL was to unrestricted funds, £1,098,003 was to restricted funds and £16,141 restricted fixed asset funds.



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**6. CHARITABLE ACTIVITIES**

	Year to 31 August Total funds 2016 £	15 months to 31 August Total funds 2015 £
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Teaching and educational support staff costs - salaries	488,151	600,801
Teaching and educational support staff costs - NI	29,803	30,909
Teaching and educational support staff costs - pensions	106,337	115,394
LGPS Pension interest (£33,000) less return on assets (£17,000)	16,000	20,000
Educational supplies	25,306	18,318
Staff development	768	154
Depreciation	29,897	12,106
Technology costs	597	1,617
	<hr/> 696,859	<hr/> 799,299
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Support staff cost - salaries	80,047	67,789
Support staff cost - NI	3,602	3,200
Support staff cost - pensions	17,311	13,837
Recruitment	738	209
Maintenance of premises and equipment	22,215	37,952
Cleaning	3,538	4,431
Rates	9,441	11,266
Insurance	8,740	(2,580)
Depreciation	9,966	4,035
Catering	39,702	36,714
Legal and professional fees	4,707	4,401
Other support costs	78,788	100,812
Technology costs	986	1,018
Energy costs	16,077	18,835
Governance	8,657	8,350
	<hr/> 304,515	<hr/> 310,269
	<hr/> <b>1,001,374</b>	<hr/> <b>1,109,568</b>

**7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- capitalised by the charity	39,863	16,141
Auditors' remuneration - audit	4,910	4,590
Auditors' remuneration - other services	2,100	3,760
Operating lease rentals	6,688	6,688
	<hr/> <hr/>	<hr/> <hr/>

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**8. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	15 months to 31 August 2015
	<b>£</b>	<b>£</b>
Wages and salaries	<b>595,666</b>	668,590
Social security costs	<b>35,379</b>	34,109
Operating costs of defined benefit pension schemes	<b>128,390</b>	129,231
	<hr/> <b>759,435</b>	<hr/> 831,930
Supply teacher costs	<b>3,609</b>	1,755
	<hr/> <b>763,044</b> <hr/>	<hr/> 833,685 <hr/>

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

	<b>2016</b>	2015
	<b>No.</b>	<b>No.</b>
Management	<b>1</b>	1
Teachers	<b>12</b>	12
Administration and support	<b>28</b>	29
	<hr/> <b>41</b> <hr/>	<hr/> 42 <hr/>

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

	<b>2016</b>	2015
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>1</b>	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions for this staff member amounted to £11,245 (2015: £11,494).

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £189,143 (2015: £160,507 for a 15 month period). These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within their employment.

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**9. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 3 Trustees (2015 - 2) in respect of defined benefit pension schemes.

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

The value of Trustees' remuneration was as follows:

W Wakefield (Headteacher)

Remuneration £65,000 - £70,000 (2015: £65,000 - £70,000 annualised)

Employer's pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000 annualised)

E Wing (Staff Trustee)

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

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

E Lawton (Staff Trustee) - appointed October 2015

Remuneration £35,000 - £40,000

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

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

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

**10. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £259 (2015 - £1,870).

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**11. TANGIBLE FIXED ASSETS**

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 September 2015	480,000	64,879	10,918	555,797
Additions	-	71,540	18,594	90,134
At 31 August 2016	480,000	136,419	29,512	645,931
<b>DEPRECIATION</b>				
At 1 September 2015	8,250	5,344	2,547	16,141
Charge for the year	7,800	24,910	7,153	39,863
At 31 August 2016	16,050	30,254	9,700	56,004
<b>NET BOOK VALUE</b>				
At 31 August 2016	463,950	106,165	19,812	589,927
At 31 August 2015	471,750	59,535	8,371	539,656

The land and buildings are owned by the Leicester Diocesan Board of Education. The cost of the land and buildings was arrived at in the period ended 31 August 2015 using the Academy's solicitors as at 12 June 2014 on a continuing value in use.

**12. STOCKS**

	2016 £	2015 £
Uniform and educational supplies stock	3,063	2,000

**13. DEBTORS**

	2016 £	2015 £
Trade debtors	-	896
VAT recoverable	11,603	15,073
Prepayments and accrued income	31,520	24,256
	43,123	40,225

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**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Trade creditors	9	51,128
Other taxation and social security	14,037	10,099
Other creditors	13,305	11,984
Accruals and deferred income	29,800	29,192
	<u>57,151</u>	<u>102,403</u>

	2016 £	2015 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2015	20,042	-
Resources deferred during the year	18,725	20,042
Amounts released from previous years	(20,042)	-
	<u>18,725</u>	<u>20,042</u>
Deferred income at 31 August 2016	<u>18,725</u>	<u>20,042</u>

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

**15. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>						
General Funds	181,907	38,941	(34,667)	-	-	186,181
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	83,748	903,061	(781,424)	(63,548)	-	141,837
Pupil Premium	-	81,225	(81,225)	-	-	-
Other DfE/EFA grants	-	47,915	(47,915)	-	-	-
Other grants	-	5,808	(5,808)	-	-	-
Other income	-	3,357	(3,357)	-	-	-
Local Authority grants	-	4,782	(4,782)	-	-	-
Pension reserve	(444,000)	-	(37,000)	-	(120,000)	(601,000)
	<u>(360,252)</u>	<u>1,046,148</u>	<u>(961,511)</u>	<u>(63,548)</u>	<u>(120,000)</u>	<u>(459,163)</u>

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

**RESTRICTED FIXED ASSET FUNDS**

DfE/EFA capital grants	6,329	6,329	(8,589)	60,742	-	64,811
Condition Improvement Fund	46,860	-	(11,884)	2,806	-	37,782
Capital expenditure from GAG	34,974	-	(11,590)	-	-	23,384
Transfer from Local Authority	471,750	-	(7,800)	-	-	463,950
	<u>559,913</u>	<u>6,329</u>	<u>(39,863)</u>	<u>63,548</u>	<u>-</u>	<u>589,927</u>
Total restricted funds	<u>199,661</u>	<u>1,052,477</u>	<u>(1,001,374)</u>	<u>-</u>	<u>(120,000)</u>	<u>130,764</u>
Total of funds	<u>381,568</u>	<u>1,091,418</u>	<u>(1,036,041)</u>	<u>-</u>	<u>(120,000)</u>	<u>316,945</u>

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

**Restricted funds**

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

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The Other DfE/EFA restricted funds grants consists of Universal Infant Free School Meals (UIFSM), PE Sport Grant, rates reimbursement and baseline assessment income. All funds have been spent in full within the year.

Other grants relates to income received from the Diocese to fully fund repairs to the school buildings and funding to raise the attainment of looked after children (RALAC). All income was fully spent at the year end.

Other income mainly includes consultancy income for the provision of an educational psychologist to other schools, PFA donations and other income towards specific expenditure. All funds have been spent in full within the year.

Local Authority grants relate to Special Educational Needs Additional Allowance (SENA). All funds have been spent in full within the year.

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

**Restricted fixed asset funds**

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

The Condition Improvement Fund (CIF) relates to funding received in relation to school security. The closing balance consists of the net book value of the assets concerned.

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

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

the restricted fixed assets fund where it has been spent. The closing balance relates to the net book value of the assets concerned.

The transfer from Local Authority relates to the value of leasehold land and buildings transferred from the Local Authority to the Academy on conversion. The closing balance relates to the net book value of the assets concerned.

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

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Year to 31 August Total funds 2016 £	15 months to 31 August Total funds 2015 £
Tangible fixed assets	-	-	589,927	589,927	539,656
Current assets	186,181	198,988	-	385,169	388,315
Current liabilities	-	(57,151)	-	(57,151)	(102,403)
Pension scheme liability	-	(601,000)	-	(601,000)	(444,000)
<b>Total</b>	<b>186,181</b>	<b>(459,163)</b>	<b>589,927</b>	<b>316,945</b>	<b>381,568</b>

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

	2016 £	2015 £
Net income for the year (as per Statement of Financial Activities)	55,377	411,568
<b>Adjustment for:</b>		
Depreciation charges	39,863	16,141
Increase in stocks	(1,063)	(2,000)
Increase in debtors	(2,889)	(40,225)
(Decrease)/increase in creditors	(46,427)	102,403
Capital grants from DfE and other capital income	(6,329)	(53,189)
Defined benefit pension scheme obligation inherited on conversion	-	374,000
Defined benefit pension scheme cost less contributions payable	21,000	20,000
Defined benefit pension scheme finance cost	16,000	20,000
Gift of land and buildings from EFA	-	(480,000)
<b>Net cash provided by operating activities</b>	<b>75,532</b>	<b>368,698</b>

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**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	<b>338,983</b>	346,090
Total	<b>338,983</b>	346,090

**19. PENSION COMMITMENTS**

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

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

Contributions amounting to £13,305 were payable to the schemes at 31 August 2016 (2015 - 11,984) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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



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**19. PENSION COMMITMENTS (continued)**

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

The employer's pension costs paid to TPS in the period amounted to £56,472 (2015 - £58,164).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £64,000 (2015 - £64,000), of which employer's contributions totalled £50,000 (2015 - £50,000) and employees' contributions totalled £14,000 (2015 - £14,000). The agreed contribution rates for future years are 21.4 - 22.4% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2016</b>	2015
Discount rate for scheme liabilities	<b>2.00 %</b>	3.70 %
Rate of increase in salaries	<b>3.10 %</b>	4.50 %
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	2.60 %
Inflation assumption (CPI)	<b>2.10 %</b>	2.60 %
Commutation of pensions to lump sums	<b>50.00 %</b>	50.00 %

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

	<b>2016</b>	2015
Retiring today		
Males	<b>22.2</b>	22.2
Females	<b>24.3</b>	24.3
Retiring in 20 years		
Males	<b>24.2</b>	24.2
Females	<b>26.6</b>	26.6

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**19. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	413,000	274,000
Bonds	103,000	87,000
Property	52,000	46,000
Cash	6,000	8,000
	<hr/>	<hr/>
Total market value of assets	<b>574,000</b>	415,000
	<hr/>	<hr/>

The actual return on scheme assets was £17,000 (2015 - £18,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 report for Fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

**Asset model**

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

Key subjective assumptions are:

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

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

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

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**19. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Current service cost	(71,000)	(70,000)
Net interest cost	(16,000)	(20,000)
Past service cost	(4,742)	-
	<hr/>	<hr/>
Total	<b>(91,742)</b>	<b>(90,000)</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £	2015 £
At 1 September	859,000	699,000
Current service cost	71,000	70,000
Interest cost	33,000	38,000
Employee contributions	14,000	14,000
Actuarial losses	198,000	38,000
	<hr/>	<hr/>
At 31 August	<b>1,175,000</b>	<b>859,000</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £	2015 £
At 1 September	415,000	325,000
Return on plan assets (excluding net interest on the net defined pension liability)	17,000	18,000
Actuarial gains and (losses)	78,000	8,000
Employer contributions	50,000	50,000
Employee contributions	14,000	14,000
	<hr/>	<hr/>
At 31 August	<b>574,000</b>	<b>415,000</b>
	<hr/> <hr/>	<hr/> <hr/>

**Sensitivity analysis**

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

Change in assumptions as at 31 August 2016:	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	10 %	122,000
1 year increase in member life expectancy	3 %	35,000
0.5% increase in the Salary Increase Rate	3 %	34,000
0.5% increase in the Pension Increase Rate	7 %	85,000

**LOUGHBOROUGH CHURCH OF ENGLAND PRIMARY SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. OPERATING LEASE COMMITMENTS**

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

	<b>2016</b>	2015
	<b>£</b>	<b>£</b>
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	<b>6,688</b>	6,688
Between 1 and 5 years	<b>12,122</b>	18,810
Total	<b>18,810</b>	25,498

**21. MEMBERS' LIABILITY**

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

**22. RELATED PARTY TRANSACTIONS**

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

The Diocese of Leicester Educational Trust are a founding member of the Academy and have the right to appoint the majority of the total Trustee board. The building from which the Academy operates is owned by the Diocese of Leicester. The following related party transactions took place in the period of account:

The Leicester Diocesan Board of Education is paid a quarterly amount in relation to a maintenance scheme totalling £11,250 for the year (2015: £14,063). There were no amounts outstanding at 31 August 2016 (2015: £NIL).

The Leicester Diocesan Board of Education fully funded any structural repair costs to the school building. Academy repair costs reimbursed by the Diocese during the year were £5,513 (2015: £7,096). There were no amounts outstanding at 31 August 2016 (2015: £NIL). This agreement ceased in December 2015 from which point any repair costs are incurred directly by the Diocesan Board of Education. The Academy continue to pay quarterly to the maintenance scheme.

- The Academy made these purchases at arms' length in accordance with its financial regulations
- In entering into these transaction the Academy has complied with the requirements of EFA's Academies Financial Handbook.

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

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**23. CONNECTED CHARITIES**

The Loughborough C.E. Primary School Parents & Friends Association charity raises money for the school and then, in line with its own board decisions, donates funds for particular projects, or assets for the benefit of the academy. The charity's net assets/reserves at 31 August 2016 were £4,332. The charity's gross income for the year to 31 August 2016 was £4,156 its expenditure was £3,459 and its surplus was £697.

**24. FIRST TIME ADOPTION OF FRS 102**

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

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

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

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	<b>1 September 2014 £</b>	<b>31 August 2015 £</b>
Total funds under previous UK GAAP		-	381,568
Total funds reported under FRS 102		<u>-</u>	<u>381,568</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	<b>31 August 2015 £</b>
Net income previously reported under UK GAAP		419,568
Change in recognition of LGPS interest cost	A	(8,000)
Net income reported under FRS 102		<u>411,568</u>

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

**A - Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £8,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.