

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

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# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

IJ Holroyd  
U Kipps  
D Braithwaite (Chair)  
GM Williams  
S Glazier (Resigned 20 September 2016)  
RW Armitage  
A Hagan (Resigned 13 July 2017)  
B Dalley (Principal) (Retired 22 April 2017)  
L Evans  
J Harris (Resigned 8 November 2016)  
L Hutchings  
G Moore  
PL Burls (Appointed 1 September 2016)  
J Batch  
DG Glanville (Appointed 1 September 2016)  
K Ryan (Appointed 1 September 2016)  
SV Proctor (Principal) (Appointed 1 April 2017)

### Members

D Braithwaite  
R Armitage  
G Williams  
I Holroyd  
U Kipps

### Senior management team

- Headteacher S Proctor  
- Assistant Headteacher K Ryan  
- Assistant Headteacher K Strickland

### Company registration number

07698504 (England and Wales)

### Registered office

Hadleigh Infants And Nursery School (Academy)  
Bilton Road  
Hadleigh  
Essex  
SS7 2HQ

### Independent auditor

Rickard Luckin Limited  
Aquila House  
Waterloo Lane  
Chelmsford  
Essex  
CM1 1BN

# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

## TRUSTEES' REPORT

### *FOR THE YEAR ENDED 31 AUGUST 2017*

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The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Hadleigh Infants and Nursery School is based in the borough of Castle Point. It is a larger than average-size infants school with approximately 300 pupils. We provide excellent creative learning experience for all children. The early years provides part-time Nursery education and full-time education for children in the reception class.

#### **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 trustees of Hadleigh Infants and Nursery School (Academy) are also the directors of the charitable company for the purposes of company law. Details of the trustees 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

The Academy through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

##### Method of recruitment and appointment or election of trustees

The governors have set up procedures that review the mix of skills that should be available to the board. New governors will then be sought with these skills, either as additional governors or replacements when existing governors stand down. It is anticipated that the great majority of new governors will be drawn from the local community being either parents or guardians of pupils at the school or others that have shown an interest in the future well-being of the school and its pupils. Recruitment is therefore likely to be through a combination of approaches to individuals with known skills and by wider communication to those within the area.

New governors will be appointed to the board by the existing governors until the date of the next Annual General Meeting, at which time they are eligible for re-election for a period of 3 or 4 years. At the end of term, retiring governors are eligible for re-election for a further term.

##### Policies and procedures adopted for the induction and training of trustees

Individual governors attend training courses and conferences organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date.

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **TRUSTEES' REPORT (CONTINUED)**

#### ***FOR THE YEAR ENDED 31 AUGUST 2017***

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##### Organisational structure

The governors have responsibility for setting and monitoring the overall strategic direction of the charitable company, approving decisions reserved to governors and appointing key members of staff.

The governors meet as a board at least once each term. All decisions reserved to the governors are taken by the board as a whole. Board committees meet at least once each term to consider detailed matters and recommend decisions to the full board. There are 3 such committees:

Finance, Audit and Premises  
Personnel and Pay (including Head Teacher's Pay)  
Curriculum and Admissions

Additionally, ad hoc groups of governors are established to consider specific issues and make recommendations to the board.

The Headteacher is the Accounting Officer and works closely with governors and the senior staff of Hadleigh Infants and Nursery School (Academy).

The day to day management of the Hadleigh Infants and Nursey School (Academy) rests with the Headteacher who has overall responsibility for the school. The Headteacher is responsible for establishing a Senior Leadership Team to support the strategic and operational running of the school.

The Governing body has three sub committees which report back to the Full Governing Body. The Finance, Audit and Premises Committee prepare and agree the annual budget each year. They then monitor performance against this budget and provide guidance to the school management team on all financial matters.

They also maintain and improve the premises used by the Academy. They monitor all health and safety matters and approve recommendations made for any changes that need to be undertaken.

The Personnel and Pay Committee monitors and adjusts matters arising from Performance Management of the staff of the Academy as well as supporting the school with any significant staffing changes such as restructuring.

The Curriculum and Admissions Committee ensure that both Key Stage 1 and Foundation Stage pupils at the Academy follow the agreed Curriculum. The committee also monitors progress the children are making and holds the Head Teacher and senior leaders accountable for curriculum matters.

All committees meet at least once each term with full minutes recorded and made available.

Each term the Full Governing Body will meet to review the work of all the committees and to consider any recommendations that cannot be made at committee level. At this meeting the overall performance and direction of the Academy is reviewed.

##### Arrangements for setting pay and remuneration of key management personnel

The Pay Policy is reviewed annually and updated based on the latest Department of Education guidance as well as Essex County Councils' model policy guidance.

The Head Teachers' annual salary review is carried out by a Pay panel consisting of the Chair of Governors, Chair of Finance and a non-teaching governor. At least one member of this committee has had training linked to Head Teachers Pay. The panel makes pay recommendations based on documentary evidence of the Head Teachers' achievements against their yearly objectives.

All other personnel's salary increases are directly related to their annual performance management objective outcomes. The Head Teacher makes pay recommendations to the Personnel and Pay Committee based on documentary evidence of their achievements against their yearly objectives. The Personnel and Pay committee approve the yearly pay recommendations.

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2017***

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#### Related parties and other connected charities and organisations

Hadleigh Infants and Nursery School have close working relationships with both Hadleigh Junior School and the BATIC trust. They are both separate companies with whom we share information and knowledge to assist each other in the day to day running of a school.

#### **Objectives and activities**

##### Objects and aims

The charitable objectives for which the charitable company was established are set down in the governing document as follows.

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

To promote for the benefit of the inhabitants of Hadleigh, Essex and the surrounding area the provision of facilities, for recreation or other leisure time occupations 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.

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **TRUSTEES' REPORT (CONTINUED)**

#### ***FOR THE YEAR ENDED 31 AUGUST 2017***

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##### Objectives, strategies and activities

The Hadleigh Infants & Nursery School (Academy) provides a broad and balanced curriculum for the children who attend (currently 307). We teach the basic skills of Literacy and Numeracy both specifically as well as through our other curricular subjects. We now spend more time on the foundation areas of the curriculum to ensure that pupils leave Hadleigh Infants and Nursery School with a well-rounded education. The school's key objectives are:

- To ensure all pupils are safe both at school and at home
- To ensure all pupils no matter their background have the opportunity to fulfil their full potential
- To promote a lifelong love of learning by providing a memorable and exciting well balanced curriculum for all
- To develop life skills that pupils will be able to use in the future
- To ensure we enable the children to leave the school with the skills and knowledge they require to be successful during the next stage of their education

The Head Teacher, school staff and governors still believe that the partnership between school and the families of pupils plays a vital role in improving outcomes for our pupils. We have started to look at how the school can improve communication with parents and other stakeholders to ensure that pupils are better supported at home. School leaders have also developed a new system of reporting progress and targets to parents to enable them to support their children at the earliest opportunity.

As well as being able to access knowledge the children in our care learn the valuable life skills of: Independence, Leadership, Creativity, Challenge and Resilience. Unlike the knowledge they learn, that they build upon in the next phase of their education, these skills will enable the pupils to become better citizens and lifelong learners. We have high standards and expectations of all members of our school community including pupils and staff.

School leaders have identified attendance as an area that needs to improve even further next year. In the academic year of 2016 / 2017 the school's attendance figure was 94.3% which was 1.7% lower than national average. Many strategies and rewards are being put in place for the next academic year to ensure that attendance is at least in line with other school nationally.

We are also committed to developing the children's understanding of being part of both the local and the more global community in a way they can understand at their young age. The children participate in a number of activities within the local grouping of schools such as an annual Community Carol Concert and community picnics. They also compete in competitions and festivals organised across the local area and last year one of our teams were Winners in the East of England key Steps Gymnastics Competition. This is the highest level of competition and equivalent to a national one. Our older children sing carols for the local Royal Voluntary Service at their Christmas dinner. Further afield the children support national charities such as 'Jeans for Genes', 'Children in Need' and 'Sport Relief' by holding themed days and school children bring in small change to support a young boy (Luyinda) attend school in Uganda.

##### Public benefit

The Academy provides educational services to all children in the local area. The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****TRUSTEES' REPORT (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****Strategic report****Achievements and performance****Early Years Foundation Stage Results - Academic Year 2016 / 2017**

	School	Essex
% achieving a Good Level of Development (GLD)	71.9%	73.6%
% at least expected in all learning Goals	70.8%	72.2%
Average points score per pupil	33.8	35.2

These results show a marked improvement from the 2015/2016 results, however still fall short of our long term targets.

Factors that have contributed to the increase of pupils achieving the expected standard are improved quality of provision offered, better resources the children have had access to and an improvement in the assessment process. The school has looked at how we can continue to develop the Early Year provision for 2017/2018.

**Year 1 Phonics Results - Academic Year 2016 / 2017**

	School	Essex	National
Percentage of pupils meeting the expected standard	83%	83.6%	81%

There was a decrease in the number of children achieving the expected level in the Phonic Screening Check compared to 2015/2016 (97.7%). Even though the school's percentage went down it is still above the national average of 81%. The main factor that contributed to the decrease in percentage from 15/16 to 16/17 was the cohort's entry point into Key Stage 1 as identified by their data at end of EYFS in the previous report. Only 62% of pupils were working at the expected standard when they entered Key Stage 1. Accelerated progress resulted in a +21% swing in Phonic outcomes.

**Key Stage 1 Results – Academic Year 2016 / 2017**

		School	Essex	National
	Eligible pupils			
Reading/writing/maths (RWM)		52%	65%	
Reading	% at least expected	76%	78%	76%
Writing		63%	70%	68%
Maths		65%	76%	75%
Reading/writing/maths (RWM)				
Reading	% at greater depth	16%		25%
Writing		12%		16%
Maths		15%		21%

The percentage of children meeting expected in Reading, Writing and Maths individually as well as combined has decreased since last year as has the percentage of children achieving the higher standard (greater depth). The school is now lower in all areas compared to the average in Essex and lower in all but one area compared to schools Nationally. After in-depth work looking at the reasons why this was the case, it was clear to see that the children hadn't been exposed to enough work that allowed them to meet the expected standard. It took the school too long to collect the evidence required to pass the moderation. The children also weren't exposed to enough work that was represented in the end of Key Stage Assessment. Procedures are already in place for the start of the next academic year to ensure that the provision will improve by the end of 2017/2018.

## HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

### TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2017**

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#### Key performance indicators

During the academic year of 2016 / 2017 the school appointed Mr. S. Proctor as the new Head Teacher due to Mrs. B. Dalley retiring at the end of the Spring Term. The school's governors and board members ensured that there was a smooth transition between the Head Teachers. Mr. S. Proctor was given a mentor to support him in his first full year in Headship. The mentor supported school wide development and will continue to work with Mr. S. Proctor as we move into the next full academic year. Mr. D. Braithwaite met with Mr. S. Proctor weekly to discuss both the operational and strategic direction of the school. These meetings will continue as we move into the next academic year. Since joining the school the new Head Teacher has been visited twice by the local authority. During both visits it was agreed that the new head had a clear understanding of what he needed to do to improve both the quality of provision and the outcomes of pupils.

The school's last Ofsted inspection was in May 2016 and was judged to be good. Results for the academic year 2016 -2017 for Early Years and Key Stage 1 are detailed above.

The school has been accredited as a Healthy School, an Artsmark Gold School and Communication Friendly School, we have also gained the Bronze Eco Award.

At our last financial inspection the financial health of the school was deemed good. The overall carry forward position is approximately the same as 2015/2016 after accounting for the pension deficit, although the schools revenue reserves are higher at the end of 2016/17 than 2015/16. The 3 year plan forecasts show a less favourable position which is being taken into account when planning to ensure that the amount of pupil progress increases and outcomes are improved by the end of 2017/2018.

#### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

#### **Financial review**

During the year the school has total incoming resources of £1,280,730 (2016: £1,219,405), it incurred expenses totalling £1,353,887 (2016: £1,356,303), generating an operating deficit of £73,157 (2016: £160,898). There was an actuarial gain on the Local Government Pension Scheme (LGPS) of £75,000 (2016: loss of £370,000) The total Net Assets of the Academy at the year end were £1,564,268 (2016: £1,562,425) which is represented by Restricted Fixed Asset Fund of £2,367,220 (2016: £2,415,996), a Restricted General Fund of £63,063 (2016: £23,145), the LGPS deficit of £907,000 (2016: £898,000) and an Unrestricted Fund of £40,985 (2016: £21,284).

#### Reserves policy

The governors' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the school and to fund future projects. The governors intend to review the reserves policy annually to ensure that this aim can be achieved. The review encompasses the nature of income and expenditure streams. It has been determined that the appropriate level of free reserves should be a minimum of 2% of the years restricted income, this is approximately £18,000 which was achieved in 2016/17. This provides sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

#### Investment policy and powers

The governors' investment powers are set down in the charitable company's Memorandum and Articles of Association, which permit the investment of monies of the charitable company that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to restrictions which may from time to time be imposed or required by law.

#### Principal risks and uncertainties

# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2017**

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The principle risks facing the Academy identified on the risk register are:

The impact that changes in government policy could have on funding. The controls in place to mitigate the risk are that the school has a good relationship with local councillors and also networks with other academies in the area in order to monitor the current situation.

Possible problems of escalating maintenance/service costs (gas/electric) as the building gets older. The controls in place to mitigate the risk are that the school benchmarks costs against other schools and a programme of routine maintenance, including servicing where appropriate, is in place. The budgets always reflect anticipated increased costs.

The impact of the loss of a senior member of staff. The control in place to mitigate the risk is a contingency plan for some key posts and in the short term, deputy posts would be able to 'act up'

### Financial and risk management objectives and policies

Risk categories are identified as compliance, strategic, reputational, operational and financial. All areas are regularly monitored and adjusted accordingly.

### **Plans for future periods**

We are currently looking into the prospect of restructuring some elements of the staffing structure. This will hopefully support the school's long term sustainability and reduce the percentage of staffing costs in the overall expenditure of the school. The current proposal shouldn't negatively impact on the overall progress or outcomes for pupils. The school is also looking into redesigning parts of the EYFS areas within in the school. This should positively impact on the overall progress and outcomes for pupils as well as appealing to possible new parents bringing their children to the school. Gaining more children is essential in the long term stability of the school.

### **Funds held as custodian trustee on behalf of others**

None held

### **Auditor**

In so far as the trustees are aware:

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

A resolution proposing that Rickard Luckin Limited be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ..... and signed on its behalf by:

.....  
D Braithwaite  
**Chair**

.....  
SV Proctor  
**Principal**

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****GOVERNANCE STATEMENT****FOR THE YEAR ENDED 31 AUGUST 2017****Scope of responsibility**

As trustees we acknowledge we have overall responsibility for ensuring that Hadleigh Infants And Nursery School (Academy) 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 principal, 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 Hadleigh Infants And Nursery School (Academy) 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 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
IJ Holroyd	3	3
U Kipps		
D Braithwaite (Chair)	3	3
GM Williams	1	3
S Glazier (Resigned 20 September 2016)		
RW Armitage	2	3
A Hagan (Resigned 13 July 2017)	0	1
B Dalley (Principal) (Retired 22 April 2017)	2	2
L Evans	0	3
J Harris (Resigned 8 November 2016)		
L Hutchings	1	3
G Moore	3	3
PL Burls (Appointed 1 September 2016)	3	3
J Batch	2	3
DG Glanville (Appointed 1 September 2016)	3	3
K Ryan (Appointed 1 September 2016)	3	3
SV Proctor (Principal) (Appointed 1 April 2017)	1	1

## HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

### GOVERNANCE STATEMENT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2017

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

review and monitor the financial position of the academy and provide recommendations to the full governing body as appropriate.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
IJ Holroyd	3	3
D Braithwaite (Chair)	3	3
RW Armitage	2	3
B Dalley (Principal) (Retired 22 April 2017)	2	2
L Evans	2	3
L Hutchings	3	3
SV Proctor (Principal) (Appointed 1 April 2017)	1	1

#### Review of value for money

As accounting officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Training for support staff to enable them to teach classes. Training each member of support staff has allowed the school to use them as cover during times where teachers have been absent for either sickness or on courses. As a result of the training, we have been able to cover classes for PPA and staff absences at a very low cost compared to what supply teachers would have cost the school.
- Collaboration. As a trust we work with many local schools in the area. The school pays a small membership fee annually. The school receives support in many different ways including: training, sharing of resources and technical support. This support has led to a greater consistency across the schools and mutual sharing of expertise.
- Financial governance and oversight. Our trustees provide strong oversight and regularly question and challenge decisions made by the Academy.
- Targeted improvement. We identify particular areas in need of further improvement and invest in these areas but not to the detriment of the things we do well.

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hadleigh Infants And Nursery School (Academy) for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2017***

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#### **Capacity to handle risk**

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

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the 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 not to appoint an internal auditor. However the trustees have appointed D Sollis of Rickard Luckin Ltd, the external auditor, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

On a quarterly basis, the reviewer reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

There were no material control or other issues reported by the reviewer to date.

#### **Review of effectiveness**

As accounting officer the principal 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 reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

## GOVERNANCE STATEMENT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2017*

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

Approved by order of the board of trustees on ..... and signed on its behalf by:

D Braithwaite  
**Chair**

SV Proctor  
**Principal**

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

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#### **Opinion**

We have audited the accounts of Hadleigh Infants and Nursery School (Academy) for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY) (CONTINUED)**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY) (CONTINUED)**

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This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Kate Bell (Senior Statutory Auditor)**  
for and on behalf of Rickard Luckin Limited

.....

**Chartered Accountants**  
**Statutory Auditor**

Phoenix House, Suite 8  
Christopher Martin Road  
Basildon  
Essex  
SS14 3EZ

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

***FOR THE YEAR ENDED 31 AUGUST 2017***

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

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

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

SV Proctor

**Accounting Officer**

.....

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY) AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 13 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hadleigh Infants and Nursery School (Academy) during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of Hadleigh Infants and Nursery School (Academy)'s accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Hadleigh Infants and Nursery School (Academy)'s funding agreement with the Secretary of State for Education dated 7 July 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Sample testing of receipts and payments including walkthrough of the systems and controls in place
- Review of large and unusual amounts and related party transactions
- Analytical review of income and expenditure for reasonable

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY) AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

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#### **Conclusion**

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

#### **Reporting Accountant**

Rickard Luckin Limited

Dated: .....

# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2017**

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The trustees (who also act as governors for Hadleigh Infants and Nursery School (Academy) and are also the directors of Hadleigh Infants and Nursery School (Academy) for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on ..... and signed on its behalf by:

D Braithwaite  
**Chair**

SV Proctor  
**Principal**

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £	Total 2016 £
<b>Income and endowments from:</b>						
Donations and capital grants	4	12,085	-	7,047	19,132	45,564
Charitable activities:						
- Funding for educational operations	3	-	1,155,980	-	1,155,980	1,042,245
Other trading activities	5	12,724	92,644	-	105,368	107,051
Investments	6	250	-	-	250	545
<b>Total income and endowments</b>		<u>25,059</u>	<u>1,248,624</u>	<u>7,047</u>	<u>1,280,730</u>	<u>1,195,405</u>
<b>Expenditure on:</b>						
Raising funds	7	5,358	35,574	-	40,932	37,638
Charitable activities:						
- Educational operations	8	-	1,257,132	55,823	1,312,955	1,318,665
<b>Total expenditure</b>	7	<u>5,358</u>	<u>1,292,706</u>	<u>55,823</u>	<u>1,353,887</u>	<u>1,356,303</u>
<b>Net income/(expenditure)</b>		19,701	(44,082)	(48,776)	(73,157)	(160,898)
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	75,000	-	75,000	(370,000)
<b>Net movement in funds</b>		19,701	30,918	(48,776)	1,843	(530,898)
<b>Reconciliation of funds</b>						
Total funds brought forward		21,284	(874,855)	2,415,996	1,562,425	2,093,323
Total funds carried forward		<u>40,985</u>	<u>(843,937)</u>	<u>2,367,220</u>	<u>1,564,268</u>	<u>1,562,425</u>

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)  
INCLUDING INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2017**

Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2016
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	4	6,911	31,719	6,934	45,564
Charitable activities:					
- Funding for educational operations	3	-	1,042,245	-	1,042,245
Other trading activities	5	22,273	84,778	-	107,051
Investments	6	545	-	-	545
<b>Total income and endowments</b>		<u>29,729</u>	<u>1,158,742</u>	<u>6,934</u>	<u>1,195,405</u>
<b>Expenditure on:</b>					
Raising funds	7	6,418	31,220	-	37,638
Charitable activities:					
- Educational operations	8	-	1,243,290	75,375	1,318,665
<b>Total expenditure</b>	7	<u>6,418</u>	<u>1,274,510</u>	<u>75,375</u>	<u>1,356,303</u>
<b>Net income/(expenditure)</b>		23,311	(115,768)	(68,441)	(160,898)
Transfers between funds		(95,667)	94,913	754	-
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes	19	-	(370,000)	-	(370,000)
<b>Net movement in funds</b>		<u>(72,356)</u>	<u>(390,855)</u>	<u>(67,687)</u>	<u>(530,898)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		93,640	(484,000)	2,483,683	2,093,323
Total funds carried forward		<u>21,284</u>	<u>(874,855)</u>	<u>2,415,996</u>	<u>1,562,425</u>

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****BALANCE SHEET****AS AT 31 AUGUST 2017**

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		2,367,220		2,415,996
<b>Current assets</b>					
Stocks	14	283		283	
Debtors	15	6,195		5,544	
Cash at bank and in hand		232,610		152,272	
			<u>239,088</u>		<u>158,099</u>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(135,040)		(113,670)	
<b>Net current assets</b>			104,048		44,429
<b>Net assets excluding pension liability</b>			<u>2,471,268</u>		<u>2,460,425</u>
Defined benefit pension liability	19		(907,000)		(898,000)
<b>Net assets</b>			<u><u>1,564,268</u></u>		<u><u>1,562,425</u></u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			2,367,220		2,415,996
- Restricted income funds			63,063		23,145
- Pension reserve			(907,000)		(898,000)
<b>Total restricted funds</b>			<u>1,523,283</u>		<u>1,541,141</u>
<b>Unrestricted income funds</b>	17		<u>40,985</u>		<u>21,284</u>
<b>Total funds</b>			<u><u>1,564,268</u></u>		<u><u>1,562,425</u></u>

The accounts set out on pages 20 to 41 were approved by the board of trustees and authorised for issue on ..... and are signed on its behalf by:

.....  
D Braithwaite  
Chair

.....  
SV Proctor  
Principal

Company Number 07698504

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	20		80,088		(66,768)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		250		545	
Capital grants from DfE and EFA		7,047		6,934	
Payments to acquire tangible fixed assets		(7,047)		(7,688)	
			250		(209)
<b>Change in cash and cash equivalents in the reporting period</b>					
			80,338		(66,977)
Cash and cash equivalents at 1 September 2016			152,272		219,249
<b>Cash and cash equivalents at 31 August 2017</b>			<u>232,610</u>		<u>152,272</u>

# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2017

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#### 1 Accounting policies

Hadleigh Infants and Nursery School (Academy) is a company limited by guarantee, incorporated in England, and an exempt charity. The registered office is Bilton Road, Hadleigh, Essex, SS7 2HQ.

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

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

Hadleigh Infants and Nursery School (Academy) meets the definition of a public benefit entity under FRS 102.

##### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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 accounts 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 accounts.

##### 1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

###### Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

###### Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 1 Accounting policies

(Continued)

##### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

##### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

##### Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

##### Donated fixed assets

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 is 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.

#### 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

##### Charitable activities

These 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.

##### Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Included within the fixed asset value is £100,000 that relates to non-depreciable land.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	2% straight line
Computer equipment	3 years straight line
Furniture and equipment	5 years straight line

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

#### 1.6 Liabilities

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 trust 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.

#### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

# HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1 Accounting policies

(Continued)

#### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

#### 1.10 Taxation

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

#### 1.11 Pensions benefits

Retirement benefits to employees of the academy trust 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 trust.

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 trust 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 are recognised in the period to which they relate.

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

#### 1.12 Fund accounting

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

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

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**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****1 Accounting policies (Continued)**

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

**2 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The only case whereby this arises is in respect of the depreciation policies relating to the fixed assets held by the academy, which are based on the estimated useful lives of the assets.

**3 Funding for the academy trust's educational operations**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	876,465	876,465	843,881
Other DfE / ESFA grants	-	79,281	79,281	54,617
	-	955,746	955,746	898,498
<b>Other government grants</b>				
Special educational projects	-	155,274	155,274	131,907
<b>Other funds</b>				
Other incoming resources	-	44,960	44,960	11,840
<b>Total funding</b>	-	1,155,980	1,155,980	1,042,245

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****4 Donations and capital grants**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Parental contributions	4,543	-	4,543	33,147
Capital grants	-	7,047	7,047	6,934
Other donations	7,542	-	7,542	5,483
	<u>12,085</u>	<u>7,047</u>	<u>19,132</u>	<u>45,564</u>

**5 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	5,280	-	5,280	6,150
Catering income	650	92,644	93,294	93,136
Other income	6,794	-	6,794	7,765
	<u>12,724</u>	<u>92,644</u>	<u>105,368</u>	<u>107,051</u>

**6 Investment income**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	250	-	250	545
	<u>250</u>	<u>-</u>	<u>250</u>	<u>545</u>

**7 Expenditure**

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	40,932	40,932	37,638
Academy's educational operations					
- Direct costs	821,248	-	67,792	889,040	913,508
- Allocated support costs	248,856	110,495	64,564	423,915	405,157
	<u>1,070,104</u>	<u>110,495</u>	<u>173,288</u>	<u>1,353,887</u>	<u>1,356,303</u>

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017**

<b>7 Expenditure</b>	<b>(Continued)</b>	
<b>Net income/(expenditure) for the year includes:</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Fees payable to auditor for:		
- Audit	7,800	7,800
- Other services	450	800
Depreciation of tangible fixed assets	55,823	75,375
Net interest on defined benefit pension liability	19,000	18,000
	<u>          </u>	<u>          </u>
 <b>8 Charitable activities</b>	 <b>2017</b>	 <b>2016</b>
	<b>£</b>	<b>£</b>
<b>All from restricted funds:</b>		
Direct costs - educational operations	889,040	913,508
Support costs - educational operations	423,915	405,157
	<u>          </u>	<u>          </u>
	1,312,955	1,318,665
	<u>          </u>	<u>          </u>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Analysis of support costs</b>		
Support staff costs	248,856	218,706
Depreciation and amortisation	55,823	75,375
Premises costs	43,354	42,972
Other support costs	67,632	59,441
Governance costs	8,250	8,663
	<u>          </u>	<u>          </u>
	423,915	405,157
	<u>          </u>	<u>          </u>

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****9 Trustees' remuneration and expenses**

One or more of the trustees has been paid remuneration or has received other benefits 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 staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

B Dalley (Head teacher - Retired April 2017):

Remuneration: £40,000 - £45,000 (2016 - £60,000 - £65,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £10,000 - £15,000)

S Proctor (Head teacher - Appointed April 2017):

Remuneration: £15,000 - £20,000

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

D Glanville (Staff governor - Appointed September 2017):

Remuneration: £35,000 - £40,000

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

K Ryan (Staff governor - Appointed September 2017):

Remuneration: £40,000 - £45,000

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

P Burls (Staff governor - Appointed September 2017):

Remuneration: £15,000 - £20,000

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

During the year ended 31 August 2017, travel and subsistence expenses totalling £nil (2016 - £31) were reimbursed directly to no trustees (2016 - 1).

**10 Staff costs**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	810,478	852,736
Social security costs	55,493	48,427
Operating costs of defined benefit pension schemes	186,271	165,338
	<hr/>	<hr/>
Staff costs	1,052,242	1,066,501
Supply staff costs	5,567	6,804
Staff development and other staff costs	12,293	8,566
	<hr/>	<hr/>
Total staff expenditure	<u>1,070,102</u>	<u>1,081,871</u>

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****10 Staff costs****(Continued)****Staff numbers**

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Teachers	12	16
Administration and support	51	53
Management	3	1
	<u>66</u>	<u>70</u>

The staff numbers are based on the average headcount rather than a full time equivalent basis.

**Higher paid staff**

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	-	1
	<u>-</u>	<u>1</u>

**Key management personnel**

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 £210,211 (2016 - £232,250).

**11 Trustees and officers insurance**

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****12 Tangible fixed assets**

	Freehold land and buildings £	Computer equipment £	Furniture and equipment £	Total £
<b>Cost</b>				
At 1 September 2016	2,664,040	73,510	10,966	2,748,516
Additions	-	7,047	-	7,047
At 31 August 2017	2,664,040	80,557	10,966	2,755,563
<b>Depreciation</b>				
At 1 September 2016	252,431	73,510	6,579	332,520
Charge for the year	51,281	2,349	2,193	55,823
At 31 August 2017	303,712	75,859	8,772	388,343
<b>Net book value</b>				
At 31 August 2017	2,360,328	4,698	2,194	2,367,220
At 31 August 2016	2,411,609	-	4,387	2,415,996

Freehold land and buildings includes an amount of £100,000 relating to non-depreciable land.

**13 Financial instruments**

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	3,917	4,926
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	16,850	17,303

**14 Stocks**

	2017 £	2016 £
Clothing	283	283

**15 Debtors**

	2017 £	2016 £
VAT recoverable	2,278	618
Prepayments and accrued income	3,917	4,926
	6,195	5,544

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017**

16 Creditors: amounts falling due within one year			2017	2016	
			£	£	
Other taxation and social security			30,055	29,001	
Other creditors			104,985	84,669	
			<u>135,040</u>	<u>113,670</u>	
			<u><u>135,040</u></u>	<u><u>113,670</u></u>	
17 Funds	Balance at 1 September 2016	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2017
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant	-	876,465	(813,402)	-	63,063
Other DfE / ESFA grants	-	79,281	(79,281)	-	-
Other government grants	-	155,274	(155,274)	-	-
Other restricted funds	23,145	137,604	(160,749)	-	-
	<u>23,145</u>	<u>1,248,624</u>	<u>(1,208,706)</u>	<u>-</u>	<u>63,063</u>
Funds excluding pensions	23,145	1,248,624	(1,208,706)	-	63,063
Pension reserve	(898,000)	-	(84,000)	75,000	(907,000)
	<u>(874,855)</u>	<u>1,248,624</u>	<u>(1,292,706)</u>	<u>75,000</u>	<u>(843,937)</u>
	<u><u>(874,855)</u></u>	<u><u>1,248,624</u></u>	<u><u>(1,292,706)</u></u>	<u><u>75,000</u></u>	<u><u>(843,937)</u></u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	2,404,075	-	(51,280)	-	2,352,795
DfE / ESFA capital grants	11,921	7,047	(4,543)	-	14,425
	<u>2,415,996</u>	<u>7,047</u>	<u>(55,823)</u>	<u>-</u>	<u>2,367,220</u>
	<u><u>2,415,996</u></u>	<u><u>7,047</u></u>	<u><u>(55,823)</u></u>	<u><u>-</u></u>	<u><u>2,367,220</u></u>
<b>Total restricted funds</b>	<u><u>1,541,141</u></u>	<u><u>1,255,671</u></u>	<u><u>(1,348,529)</u></u>	<u><u>75,000</u></u>	<u><u>1,523,283</u></u>
<b>Unrestricted funds</b>					
General funds	<u>21,284</u>	<u>25,059</u>	<u>(5,358)</u>	<u>-</u>	<u>40,985</u>
	<u><u>21,284</u></u>	<u><u>25,059</u></u>	<u><u>(5,358)</u></u>	<u><u>-</u></u>	<u><u>40,985</u></u>
<b>Total funds</b>	<u><u>1,562,425</u></u>	<u><u>1,280,730</u></u>	<u><u>(1,353,887)</u></u>	<u><u>75,000</u></u>	<u><u>1,564,268</u></u>

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****17 Funds****(Continued)**

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

Restricted general funds are generated from Government sources and include General Annual Grant, Pupil Premium and similar income. These funds are applied for the purposes intended in accordance with the objects of the Academy Trust.

Unrestricted funds have no specific restriction and are used in accordance with the objects of the Academy Trust.

Restricted fixed asset funds first arose when assets were donated from the predecessor school. Subsequent additions have also been included in this fund. The assets are used for the purposes intended in accordance with the objects of the Academy Trust.

Restricted pension funds relate to the local government pension scheme which is in deficit. The fund is specific to the Academy share of the scheme assets and liabilities.

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

**Movements in funds - previous year**

	<b>Balance at 1 September 2015 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains, losses and transfers £</b>	<b>Balance at 31 August 2016 £</b>
<b>Restricted general funds</b>					
General Annual Grant	-	843,881	(938,794)	94,913	-
Other DfE / ESFA grants	-	54,617	(54,617)	-	-
Other government grants	-	131,907	(131,907)	-	-
Other restricted funds	-	128,337	(105,192)	-	23,145
	<u>-</u>	<u>1,158,742</u>	<u>(1,230,510)</u>	<u>94,913</u>	<u>23,145</u>
Funds excluding pensions	-	1,158,742	(1,230,510)	94,913	23,145
Pension reserve	(484,000)	-	(44,000)	(370,000)	(898,000)
	<u>(484,000)</u>	<u>1,158,742</u>	<u>(1,274,510)</u>	<u>(275,087)</u>	<u>(874,855)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	2,455,202	-	(51,127)	-	2,404,075
DfE / ESFA capital grants	28,481	6,934	(24,248)	754	11,921
	<u>2,483,683</u>	<u>6,934</u>	<u>(75,375)</u>	<u>754</u>	<u>2,415,996</u>
<b>Total restricted funds</b>	<u>1,999,683</u>	<u>1,165,676</u>	<u>(1,349,885)</u>	<u>(274,333)</u>	<u>1,541,141</u>
<b>Unrestricted funds</b>					
General funds	93,640	29,729	(6,418)	(95,667)	21,284
	<u>93,640</u>	<u>29,729</u>	<u>(6,418)</u>	<u>(95,667)</u>	<u>21,284</u>
<b>Total funds</b>	<u>2,093,323</u>	<u>1,195,405</u>	<u>(1,356,303)</u>	<u>(370,000)</u>	<u>1,562,425</u>

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****18 Analysis of net assets between funds**

	<b>Unrestricted Funds £</b>	<b>Restricted funds: General £</b>	<b>Fixed asset £</b>	<b>Total 2017 £</b>
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	2,367,220	2,367,220
Current assets	176,025	63,063	-	239,088
Creditors falling due within one year	(135,040)	-	-	(135,040)
Defined benefit pension liability	-	(907,000)	-	(907,000)
	40,985	(843,937)	2,367,220	1,564,268
	40,985	(843,937)	2,367,220	1,564,268
	<b>Unrestricted Funds £</b>	<b>Restricted funds: General £</b>	<b>Fixed asset £</b>	<b>Total 2016 £</b>
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	2,415,996	2,415,996
Current assets	22,284	135,815	-	158,099
Creditors falling due within one year	(1,000)	(112,670)	-	(113,670)
Defined benefit pension liability	-	(898,000)	-	(898,000)
	21,284	(874,855)	2,415,996	1,562,425
	21,284	(874,855)	2,415,996	1,562,425

**19 Pensions and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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

**Teachers' Pension Scheme****Introduction**

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

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

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****19 Pensions and similar obligations****(Continued)****Valuation of the Teachers' Pension Scheme**

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £72,000 (2016: £76,423).

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

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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % 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.

<b>Total contributions made</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Employer's contributions	60,000	60,000
Employees' contributions	19,000	20,000
	<hr/>	<hr/>
Total contributions	79,000	80,000
	<hr/> <hr/>	<hr/> <hr/>

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****19 Pensions and similar obligations****(Continued)**

<b>Principal actuarial assumptions</b>	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Rate of increases in salaries	4.2	4.1
Rate of increase for pensions in payment	2.7	2.3
Discount rate	2.6	2.2
Inflation assumption (CPI)	0.9	2.3
RPI increase	3.6	3.2
	<u>      </u>	<u>      </u>

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

	<b>2017</b>	<b>2016</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.2	22.9
- Females	24.7	25.3
Retiring in 20 years		
- Males	24.3	25.2
- Females	27.0	27.7
	<u>      </u>	<u>      </u>

	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
<b>Adjustment to discount rate</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of total obligation	1,488,000	1,523,000	1,559,000
Projected service cost	137,000	141,000	145,000

	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
<b>Adjustment to long term salary increase</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of total obligation	1,528,000	1,523,000	1,518,000
Projected service cost	141,000	141,000	141,000

	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
<b>Adjustment to pension increases and deferred revaluation</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of total obligation	1,553,000	1,523,000	1,493,000
Projected service cost	145,000	141,000	137,000

	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
<b>Adjustment to life expectancy assumptions</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of total obligation	1,576,000	1,523,000	1,471,000
Projected service cost	145,000	141,000	137,000

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****19 Pensions and similar obligations****(Continued)****The academy trust's share of the assets in the scheme**

	<b>2017</b>	<b>2016</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>
Equities	402,000	375,000
Gilts	38,000	20,000
Other bonds	24,000	25,000
Cash	19,000	17,000
Property	60,000	61,000
Other assets	73,000	50,000
	<u>616,000</u>	<u>548,000</u>
	<u>616,000</u>	<u>548,000</u>
Actual return on scheme assets - gain/(loss)	15,000	66,000
	<u>15,000</u>	<u>66,000</u>

**Amounts recognised in the statement of financial activities**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Current service cost	125,000	86,000
Interest cost	19,000	18,000
	<u>144,000</u>	<u>104,000</u>
	<u>144,000</u>	<u>104,000</u>

**Changes in the present value of defined benefit obligations**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Obligations at 1 September 2016	1,446,000	894,000
Current service cost	125,000	86,000
Interest cost	32,000	36,000
Employee contributions	19,000	20,000
Actuarial (gain)/loss	(73,000)	418,000
Benefits paid	(26,000)	(8,000)
	<u>1,523,000</u>	<u>1,446,000</u>
	<u>1,523,000</u>	<u>1,446,000</u>
At 31 August 2017	1,523,000	1,446,000

**HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****19 Pensions and similar obligations (Continued)****Changes in the fair value of the academy trust's share of scheme assets**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Assets at 1 September 2016	548,000	410,000
Interest income	13,000	18,000
Actuarial gain	2,000	48,000
Employer contributions	60,000	60,000
Employee contributions	19,000	20,000
Benefits paid	(26,000)	(8,000)
	<u>616,000</u>	<u>548,000</u>
At 31 August 2017	<u>616,000</u>	<u>548,000</u>

**20 Reconciliation of net expenditure to net cash flows from operating activities**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net expenditure for the reporting period	(73,157)	(160,897)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(7,047)	(6,934)
Investment income receivable	(250)	(545)
Defined benefit pension costs less contributions payable	65,000	26,000
Defined benefit pension net finance cost	19,000	18,000
Depreciation of tangible fixed assets	55,823	75,375
(Increase)/decrease in stocks	-	535
(Increase) in debtors	(651)	(2,746)
Increase/(decrease) in creditors	21,370	(15,556)
	<u>80,088</u>	<u>(66,768)</u>
<b>Net cash provided by operating activities</b>	<u>80,088</u>	<u>(66,768)</u>

**21 Commitments under operating leases**

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	1,158	-
Amounts due in two and five years	1,834	-
	<u>2,992</u>	<u>-</u>
	<u>2,992</u>	<u>-</u>

## **HADLEIGH INFANTS AND NURSERY SCHOOL (ACADEMY)**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2017***

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#### **22 Related party transactions**

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 9.

#### **23 Members' liability**

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