

COMPANY REGISTRATION NUMBER: 07840925

(England and Wales)

**ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**

**Year Ended 31<sup>st</sup> August 2017**

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## FINANCIAL STATEMENTS YEAR ENDED 31<sup>st</sup> AUGUST 2017

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# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

Trustees'	Mr I Dudley (Chairman, resigned 1/9/17) ** Mrs N Till (Vice Chair, resigned 1/9/17) ** Mr A Cook (Head teacher and accounting officer) (Absent from November 2015, resigned December 2016) ** Mr N Sharp (Acting Head Teacher and accounting officer from November 2015, Head Teacher and accounting officer from January 2017 - Staff Governor) ** Mrs G Deane (Staff Governor) Mrs L Brough (Staff Governor) Rev'd D Cooper (Vicar, Chairman from September 2017) ** Mr D Adair (Foundation Governor and Responsible Officer, Vice Chair from September 2017) Mr I Service (Foundation Governor) Mrs J Bratt (LA Governor) Mr G Jones (Co-opted Governor) ** Mrs S Griffith (Foundation Governor) ** Mrs D Langdon (Foundation Governor, resigned 11/1/17) Mrs P Ellis (Foundation Governor) Mrs A Woodburn (Parent Governor, appointed 21/10/16, Vice Chair from September 2017) Mr B Waterhouse (Parent Governor, appointed 10/12/16) **
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\*\*Members of Finance Committee

Senior Management Team	
Head Teacher	Mr Alan Cook (Absent since November 2015, resigned December 2016)
Head Teacher	Mr N Sharp (Acting Head from November 2015, Head Teacher from January 2017)

Company Name Arnside National Church of England School

Principal and registered office  
Church Hill  
Arnside  
Carnforth  
Cumbria  
LA5 0DW

Company registration number 07840925 (England and Wales)

Independent Auditors

Bankers  
Cumberland Building Society  
Cumberland House  
Castle Street  
Carlisle  
CA3 8BR

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

Solicitors

Beaty & Co  
1 Victoria Place  
Wigton  
Cumbria  
CA7 9PJ

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## TRUSTEES' REPORT

The trustees' present their annual report together with the financial statements and auditors' report of the charitable company for the period 1<sup>st</sup> September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an Academy for pupils aged 4 to 11 serving a catchment area around Arnside. It had a roll of 133 on the school census in January 2017.

### **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 act as the governors for the charitable activities of Arnside National Church of England School Academy Trust Limited and are also directors of the Charitable Company for the purpose of company law. The Charitable Company is known as Arnside National Church of England School.

Details of the trustees' who served through out the year are included in the Reference and Administrative Details on page 2.

#### **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 trustees of the Academy are covered by indemnity insurance paid for by the trust. The insurance provides unlimited cover.

#### **Method of Recruitment and Appointment or Election of Trustees'**

The Trustees' term of office is four years but they are eligible for re-election at the meeting at which they retire. Both the chair and vice –chair have been elected for a four year term (2015 to 2019) although both have resigned with effect from the 1<sup>st</sup> September 2017, Rev'd D Cooper has been elected as Chair of Governors with Mr D Adair and Mrs A Woodburn as Vice-chairs from September 2017.

During the period under review the Trustees' held three full meetings.

The management of the Academy is the responsibility of the Trustees' who are elected and co-opted under the terms of the Articles of Association.

The Foundation Governors are appointed by the Diocesan Board of Education after consulting with the PCC of the Parish, the LA will appoint the LA Governor and the parents of the pupils within the academy shall elect the Parent Governor.

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All new non-staff Trustees' have an induction meeting usually with the clerk and Head Teacher, the training and induction process will depend on their existing experiences. Trustees' have access to all policies, improvement plans; minutes and other relevant documentation that they need to undertake their role as trustee.

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## **Organisational Structures**

The management structure consists of two levels: The Trustees and the Senior Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointment. The Leadership Team is comprised of the Head Teacher and Deputy Head. The Leadership Team control the Academy at a day to day level, implementing the policies laid down by the Trustees and reporting back to them.

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

The trust has adopted the Local Authority recommended pay policy and appraisal policy. This follows the guidance set out in the Teachers' Pay and Conditions document. Salary progression is linked to staff meeting all appraisal objectives.

## **Related Parties and other Connected Charities and Organisations**

The trust does not have any related parties or connections with other charities and organisations.

## **Risk Management**

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Trustees are satisfied that systems and procedures are in place to mitigate the exposure to major risks.

The Trustees have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure the financial statements comply with the Companies Act. The Trustees also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Academy is operating efficiently and effectively,
- Its assets are safeguarded against unauthorised use or dispositions;
- The proper records are maintained and financial information used within the Academy or for publication is reliable;
- The Academy complies with relevant laws and regulations.

## **Objectives and Activities**

### **Objects and Aims**

The principal objective and activity of the charitable company is the operation of Arnside National Church of England School, to provide education for pupils aged 3 to 11.

In accordance with the Funding Agreement made under section 1 of the Academies Act 2010, between the Secretary of State for Education and the Academy Trust, the Academy is governed by a board of trustees which exercises the powers and functions with a view to fulfilling a largely strategic role in the running of the school. The curriculum, in substance, complies with statutory requirements.

### **Objectives, Strategies and Activities**

The main objectives of the Academy during the year ended 31 August 2017 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;

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- To raise the standard of educational achievement and progress of all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To maintain close links with the community;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Academy's main strategy is to raise standards of achievement and progress through an unrelenting focus on continuous improvement in all aspects of the organisation. The core purpose of the Academy is teaching and learning: its people and resources are constantly measured by their contribution to the overall quality of teaching and learning and therefore the standards achieved by its students.

Key activities which support the main strategic purpose of the organisation are:

- Robust quality assurance processes which are transparent and inform all subsequent actions;
- Secure use of data and tracking to measure progress and inform actions and interventions;
- A constant review of CPD and training opportunities for staff.

## **Equal opportunities policy**

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

## **Disabled persons**

Ramps are installed and the door widths are adequate to enable wheelchair access to the main areas of the school. The policy of the school is to support recruitment and retention of pupils and employees with disabilities. The Academy does this by adapting the physical environment, by making resources available and through training and career development.

## **Public Benefit**

In setting our objectives and planning our activities the trustees have complied with the Charity Commission's general guidance on public benefit. Pupils are admitted in accordance with the admissions policy agreed with the Department for Education (DfE). Children are admitted from a range of backgrounds. The school has a rich curriculum which aims to deliver good academic progress with a range of activities and experiences, offering pupils a chance to demonstrate their abilities and potential.

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## Achievements and Performance

The Academy continues to achieve the forecasted number of students. There are currently 138 pupils on roll (including 12 part time nursery pupils).

Examination results for 2017 were very pleasing on a number of measures:

The early years profile showed pupils have made a steady increase in % achieving GLD.

KS1 results shows all pupils achieving above the national expectations:

	SCHOOL	NATIONAL
Reading	95%	76%
Maths	100%	75%
Writing	82%	68%
Grammar	72%	-

KS2 results - % of pupils achieving the expected standard:

	SCHOOL	NATIONAL
Maths	87%	75%
Reading	87%	71%
Grammar, Punctuation & Spelling	93%	77%
Writing	93%	74%

To ensure that standards are continually raised, the Academy, the Board of Trustees and the Leadership Team will:

- Continue to operate a robust quality assurance calendar which monitors the quality of teaching and learning;
- Undertake a rigorous review of attainment using ASP and levels of progress of students, paying particular regard to their achievement on entry and levels of progress secured;
- Use SIMS attainment tracker to monitor the progress of all pupils to meet their individual needs;
- To develop teaching and learning effectively to ensure that all children access the demands of the National Curriculum with a particular emphasis on the RE and mathematics curriculum.

## 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 it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

## Financial Review

### Financial Review for the year

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.



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During the year ended 31 August 2017, the excess of income over expenditure on the restricted funds for the period was a deficit of £3,048 (excluding the pension deficit transferred and the pension fund movement).

During the year ended 31 August 2017, the excess of income over expenditure on the un-restricted fund for the period was £43,333.

At 31 August 2017 the net book value of fixed assets was £2,155,323 as shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy. The assets include the addition of the leasehold land & property which was only just valued on the 31<sup>st</sup> July 2016.

## **Financial and Risk Management Objectives and Policies**

As an Academy funded directly by the Department for Education, funding streams are considered to be reasonably safe and secure. The risk mainly arises from changes in Government policy and funding levels and fluctuations in pupil numbers, especially if the roll falls.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £200,000. The employer contributions were reassessed in 2016 and has identified a £18,900 deficit recovery over the next 3 years.

## **Principal Risks and Uncertainties**

Arnside National Church of England School currently has 136 pupils on roll, the key risk to the school is fluctuations in pupil numbers, this risk is deemed medium as the school has been full for a number of years, and numbers have fallen at the start of the academic year 2016-17 due to a large year 6 group leaving and a smaller reception year starting.

## **Reserves Policy**

The Academy's 'free reserves' are its funds after excluding restricted funds. "Free reserves" are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent funds that are not yet spent, committed or designated.

The Academy's current level of 'free reserves' is £43,333.

Demands on the Academy's restricted general reserves will vary over the coming years. The Academy's long term policy is that the appropriate level of restricted general reserves should be at least £20,000. The reason for this is to provide 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.

The Academy's current level of restricted general reserves is £0.

## **Investment Policy**

The Trustees have resolved to hold only one bank account, if fund levels increase the opening of a deposit account will be reviewed.

## **Plans for Future Periods**

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure all students are secure in their next steps on leaving the Academy.

The Academy's key objectives for the forthcoming year are:

- To raise attainment and progress of all pupils across the full curriculum;

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- Work in collaboration with the SLRP network and contribute positively in school to school support;
- To sustain an outstanding climate for learning where all feel safe and can grow;
- To be an integral part of the community and sustain excellent relationships which supports all pupils.

### **Statement as to Disclosure of Information to Auditors**

Insofar 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.

The Trustees report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on .....2017 and signed on their behalf by:

Rev'd D Cooper

Trustee

..... 2017

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## GOVERNANCE STATEMENT

### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to Mr N Sharp, 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 Arnside National Church of England School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met three times during the year to 31 August 2017. Attendance during this period at meetings of the board of trustees was as follows:

Governor	Meetings Attended	Out of a possible
Mr I Dudley (Chairman, resigned 1/9/17)	3	3
Mrs N Till (Vice Chair, resigned 1/9/17)	3	3
Mr Cook (Head teacher and accounting officer) (Absent from November 2015, resigned December 2016)	0	0
Mr N Sharp (Acting Head Teacher and accounting officer from November 2015, Head Teacher and accounting officer from January 2017 - Staff Governor)	3	3
Mrs G Deane (Staff Governor)	3	3
Mrs L Brough (Staff Governor)	3	3
Rev'd D Cooper (Vicar, Chairman from September 2017)	3	3
Mr D Adair (Foundation Governor and Responsible Officer, Vice Chair from September 2017)	2	3
Mr I Service (Foundation Governor)	3	3
Mrs J Bratt (LA Governor)	3	3
Mr G Jones (Co-opted Governor)	2	3
Mrs S Griffith (Foundation Governor)	1	3
Mrs D Langdon (Foundation Governor, resigned 11/1/17)	1	1
Mrs P Ellis (Foundation Governor)	3	3
Mrs A Woodburn (Parent Governor, appointed 21/10/16, Vice Chair from September 2017)	1	2
Mr B Waterhouse (Parent Governor, appointed 10/12/16)	2	2

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

- Oversee the implementation of the school's policy for financial delegation;
- Agree objectives for the Head Teachers Performance Review with the Head teacher and external Advisor;
- Monitor the Head teachers progress towards these objectives;
- Determine the Head teachers' remuneration;
- Determine the pay of all teaching and non-teaching staff annually and inform them of their decision;
- Prepare and recommend the budget plan to the governing body' including the delegation of budget responsibilities;
- Regularly monitor income and expenditure against each budget heading;

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

- Ensure all financial returns are produced and reviewed;
- Award contracts by tender up to a specific limit (as set out in the financial delegation policy).

Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Mr I Dudley (Chair)	2	2
Mr A Cook Head teacher and accounting officer) (Absent from November 2015, resigned December 2016)	0	0
Mr N Sharp (Head Teacher and Accounting Officer)	2	2
Mr G Jones	1	2
Mrs N Till	2	2
Mr D Adair	2	2
Rev D Cooper	0	2
Mrs S Griffith	1	2
Mr B Waterhouse (Parent Governor, appointed 10/12/16)	2	2

## **Review of Value for Money**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during the academic year, and reports to the governing body 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:

- Always undertaking the principles of best value when purchasing goods and services.
- The flexible use of staffing to ensure continued provision for all pupils with an adult / pupil ratio that enables all pupils, regardless of age or ability to achieve.

The school Finance Committee will hold regular finance meetings to monitor the budget and discuss problem areas and strategies on how to deal with any particular situation that may arise. The full Governing Body will be kept informed through financial reports tabled at Governors meetings.

## **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than 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 not be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Arnside National Church of England School for the year to 31st August 2017 and up to the date of approval of the annual report and financial statements.

## **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the Academy 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 the risks for the Academy are low and the monitoring of such risks through evaluating and managing them have been in place during the year to 31st August 2017 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## **The Risk and Control Framework**

The Academy Trust's system of internal 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 with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Clearly defined purchasing guidelines as set out in the Financial Delegation Policy;
- Delegation of authority and segregation of duties as set out in the Financial Delegation Policy;
- 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 they have appointed Mr D Adair a trustee to carry out a programme of internal checks. The role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Along with this role the trustees have also bought in external financial support through 'Accountancy Service 4 Schools' to work with the school administrator to ensure the accounting system is accurate, that the system balances to external records on a monthly basis and reflects the true position of the school finances.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

## **Review of Effectiveness**

As accounting officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- The work of the Responsible Officer;
- The work of 'Accountancy Services 4 Schools';
- The External Auditor.

The accounting officer has been advised of the implications of the results of their review of the system of internal control to ensure continuous improvements of the system is in place.

Approved by order of the members of the governing body on ..... 2017 and signed on behalf by:

Rev'd D Cooper

Trustee

Mr N Sharp

Accounting Officer

# **ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL**

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

As accounting officer of Arnside National Church of England School I have considered my responsibility to notify the Academy Trust board of trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregularity 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 EFA.

Mr N Sharp

Accounting Officer

..... 2017

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who act as governors of Arnside National Church of England School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements the Governors 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 (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the governing body on ..... 2017 and signed on behalf by:

Rev'd D Cooper

.....

Director and Chair of Governors

**ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS  
OF ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL



**ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS  
OF ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL (continued)

**ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL AND THE EDUCATION FUNDING  
AGENCY

**ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL AND THE EDUCATION FUNDING  
AGENCY

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2017

	<i>Note</i>	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000	<i>Total 2016 £'000</i>
<b>Income and endowments from:</b>						
Donations and Capital Grants	3	53			53	72
Transfer from Diocese on Conversion Charitable Activities				2158	2158	0
Funding for the academy trusts educational operations	4		583	5	588	612
Other trading activities	5		7		7	0
<b>Total</b>		<u>53</u>	<u>590</u>	<u>2163</u>	<u>2806</u>	<u>684</u>
<b>Expenditure on:</b>						
Raising Funds					0	0
Charitable Activities					0	0
Academy trust educational operations	6,7	-8	-608	-36	-652	-731
Other			-4		-4	-5
<b>Total</b>		<u>-8</u>	<u>-612</u>	<u>-36</u>	<u>-656</u>	<u>-736</u>
<b>Net Income / (Expenditure)</b>		45	-22	2127	2150	-52
<b>Transfer between funds</b>		-2	2		0	0
<b>Other recognised gains / (losses)</b>						
Actuarial loss on defined benefit pension scheme	19		7		7	-75
<b>Net movement in funds</b>		43	-13	2127	2157	-127
<b>Reconciliation of funds</b>						
Total funds brought forward		0	-187	34	-153	-26
<b>Total funds carried forward</b>		<u>43</u>	<u>-200</u>	<u>2161</u>	<u>2004</u>	<u>-153</u>

The notes on pages 22 to 36 form part of these financial statements

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## BALANCE SHEET AS AT 31 AUGUST 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed Assets</b>					
Tangible Assets	11		2156		30
<b>Current Assets</b>					
Debtors	12	24		17	
Cash at bank and in hand		64		36	
		88		53	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	13	40		46	
<b>Net current assets</b>			48		7
<b>Total assets less current liabilities</b>			2204		37
Defined benefit pension scheme liability	19		-200		-190
<b>Net assets including pension liability</b>			2004		-153
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	14	2161		34	
Restricted income fund	14	0		3	
Pension reserve	14	-200		-190	
<b>Total restricted funds</b>			1961		-153
<b>Unrestricted income funds</b>	14		43		0
<b>Total Funds</b>			2004		-153

The financial statements were approved by the trustees and authorised for issue on ..... 2017 and are signed on their behalf by

Rev'd D Cooper

Trustee

Company Registration Number: 07840925

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	16	28	-139
<b>Cash flows from investing activities</b>		0	0
<b>Cash flows from financing activities</b>		0	0
<b>Change in cash and cash equivalents in the reporting period</b>		<u>28</u>	<u>-139</u>
<b>Net Funds as 1 September 2016</b>		36	175
<b>Net Funds as 31 August 2017</b>		<u>64</u>	<u>36</u>

# ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

### 1. Statement of Accounting Policies

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

#### Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the United Kingdom 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by the EFA and the Charities Act 2011 and the Companies Act 2006.

Arnside National School Academy Trust meets the definition of a public benefit entity under FRS 102.

#### Going Concern

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

#### Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants**

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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where there is certainty of receipt 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.

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## 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 to 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 to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

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, management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT

## Tangible Fixed Assets

Assets costing £250 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision or impairment.

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

Land and Buildings are included in the accounts following a valuation on 31<sup>st</sup> July 2016. The school buildings are situated on land owned by the Carlisle Diocesan Board of Finance. A lease has been signed giving the academy the right to occupy the land. The lease gives the Carlisle Diocesan Board of Finance the right to terminate the agreement with two years notice. The governors have capitalised the leasehold land and buildings as they are not aware of any intention by the Carlisle Diocesan Board of Finance to serve notice in the future.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated so as to write off the cost of an asset, less its estimated residual values, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment	Reducing balance 20% per annum
ICT equipment	Straight line over 5 years
Long Leasehold Buildings	Straight line over 50 years
Land	Not depreciated

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

The Academy has a lease 'to occupy' with the Diocese over the property occupied for educational purposes. The Governors have assessed the remaining useful life of the property and believe that 50 years is an appropriate estimation over which to depreciate the buildings.



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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 assets 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.

## **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.

## **Provisions**

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

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

## **Taxation**

The Academy Trust is considered to pass the test 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 part 11, chapter 3 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.

## **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.

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 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 comprise the interest cost on the defined benefit obligation and interest income on the schemes asset, calculated by multiplying the fair value of the scheme asset at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme asset and the actual return on scheme assets is recognised in other recognised gains and losses.

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

## **Fund Accounting**

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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.

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

## Critical accounting estimates and areas of judgement

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

### Critical accounting estimates and assumptions

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

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

## 2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31<sup>st</sup> August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises / capital purposes.

The academy trust has not exceeded these limits during the year ended 31<sup>st</sup> August 2017.

### a. Results and Carry Forward for the Year

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
GAG brought forward from previous year	3	40
GAG allocation for current year	512	526
<b>Total GAG available to spend</b>	<b>515</b>	<b>566</b>
Recurrent expenditure from GAG	-515	-563
Fixed assets purchased from GAG	-	-
<b>GAG Carried forward to next year</b>	<b>0</b>	<b>3</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	-61	-63
<b>GAG to surrender to DFE</b>	<b>-61</b>	<b>-60</b>
(12% rule breached if result is positive)	no breach	no breach

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## 3. Donations and Capital Grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Other Donations	53		53	72
	53	0	53	72
<b>2016 Total</b>	72			72

## 4. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
<b>DFE / EFA revenue grants</b>				
General Annual Grant (GAG)		512	512	526
Capital Grants		5	5	6
Other DFE / EFA Grants		43	43	41
	0	560	560	573
<b>Other Government Grants</b>				
Local Authority Grants		28	28	39
	0	28	28	39
Other income from the academy trust's educational operations				0
	0	588	588	612
<b>2016 Total</b>	0	612		612

## 5. Income from Other Trading Activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Extended Services (Nursery / Wrap Around)		7	7	0
	0	7	7	0
<b>2016 Total</b>	0	0		0

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## 6. Expenditure

	Staff Costs  £'000	Non Pay Expenditure Premises £'000	Other Costs £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations					
Direct costs	415		34	449	579
Allocated support costs	64	30	105	199	157
	<u>479</u>	<u>30</u>	<u>139</u>	<u>648</u>	<u>736</u>
2016 Total	<u>599</u>	<u>23</u>	<u>114</u>		<u>736</u>

### Net income / (expenditure) for the period includes:

	2017 £'000	2016 £'000
Depreciation	36	11
Fees payable to auditor for: Audit	3	4

## 7. Charitable Activities

	Total 2017 £'000	Total 2016 £'000
Direct Costs - educational operations	449	579
Support costs - educational operations	199	157
	<u>648</u>	<u>736</u>

### Analysis of support costs

	Educational operations £000	Total 2017 £000	Total 2016 £000
Support staff costs	64	64	67
Depreciation		-	
Technology costs		-	
Premises costs	30	30	23
Other support costs	101	101	62
Governance costs	4	4	5
	<u>199</u>	<u>199</u>	<u>157</u>

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## 8. Staff

### a) Staff Costs

Staff costs during the period were:

	<b>2017</b>	<i>2016</i>
	<b>£'000</b>	<i>£'000</i>
Wages and salaries	375	474
Social security costs	35	37
Operating costs of defined benefit pension schemes	69	81
	<u>479</u>	<u>592</u>
Supply teacher costs		6
	<u>479</u>	<u>598</u>

### b) Staff Numbers

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

	<b>2017</b>		<i>2016</i>	
	<b>No.</b>		<i>No.</i>	
Teachers	5.6	FTE	5.1	FTE
Administration and support	5.4	FTE	5.3	FTE
Management	1.0	FTE	2.0	FTE
	<u>11.93</u>		<u>12.4</u>	

### c) Higher Paid Staff

During the year no employee earned £60,000 or more (excluding employer pension costs)

	2017	2016
£80,001 - £90,000	0	1

### d) Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £146,741.

## 9. Trustees Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff members under their contract of employment. If this is not the case payments must be disclosed separately. The value of governor's remuneration and other benefits was as follows:

A Cook (Head Teacher and trustee):

Remuneration	£20,001 - £30,000 (2016: £85,001 - £90,000)
Employer's pension contributions	£ 0 - £ 5,000 (2016: £10,001 - £15,000)

N Sharp (Head Teacher and Staff Governor)

Remuneration	£50,001 - £55,000 (2016: £50,001 - £55,000)
Employer's pension contributions	£ 5,001 - £10,000 (2016: £ 5,001 - £10,000)

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L Brough (Staff Governor)	
Remuneration	£10,001 - £20,000 (2016: £10,001 - £20,000)
Employer's pension contributions	£ 0 - £10,000 (2016: NIL)

G Deane (Staff Governor)	
Remuneration	£30,001 - £40,000 (2016: £30,001 - £40,000)
Employer's pension contributions	£ 0 - £10,000 (2016: £ 0 - £10,000)

### 10. Trustees and Officers Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising negligent acts, errors or omissions occurring whilst on academy business. The insurance provides unlimited cover on any claim and the cost including all insurance for the period ended 31 August 2017 £2,015 (2015: £6,339).

The cost of this insurance is included in the total insurance cost.

### 11. Tangible Fixed Assets

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>					
At 1 September 2016	0	0	50	31	81
Transfer on conversion					0
Additions	2158			4	2162
Disposals					0
At 31 August 2017	2158	0	50	35	2243
<b>Depreciation</b>					
At 1 September 2016	0	0	32	19	51
Charged in year	28		2	6	36
Disposals					0
At 31 August 2017	28	0	34	25	87
<b>Net book values</b>					
At 31 August 2017	2130	0	16	10	2156
At 31 August 2016	0	0	18	12	30

#### Valuation

The Leasehold property was valued by Kier on behalf of the Education Funding Agency. The valuers hold the appropriate MRIS qualification and performed a desktop valuation of the property, using The Depreciated Replacement Cost method as at 31<sup>st</sup> March 2016. The valuation of £2,158,000 included £753,000 for the Land Element.

#### Leases

The school buildings are situated on land owned by the Carlisle Diocesan Board of Finance Limited (CDBF). A Church Supplemental Agreement has been signed giving the academy the right to occupy this land. The Church Supplemental Agreement gives the CDBF the right to terminate the agreement with two years notice. The Governors

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have capitalised the Leasehold Land and Buildings as they are not aware of any intention by the CDBF to serve notice in the future.

### 12. Debtors

	<b>2017</b>	<i>2016</i>
	<b>£'000</b>	<i>£'000</i>
Other debtors	3	1
VAT Recoverable	7	2
Prepayments	14	14
	24	17

### 13. Creditors: Amounts falling due within one year

	<b>2017</b>	<i>2016</i>
	<b>£'000</b>	<i>£'000</i>
Trade creditors	8	1
PAYE & NIC creditor	7	11
Other creditors	7	11
Accruals and deferred income	18	23
	40	46

### Deferred Income

	<b>2017</b>	<i>2016</i>
	<b>£'000</b>	<i>£'000</i>
Deferred income at 1 September 2016	9	17
Resources deferred in the year	6	9
Amounts released from previous years	(9)	(17)
Deferred income at 31 August 2017	6	9

At the balance sheet date the Academy Trust was holding £6,096 for funds received in advance from the EFA for the Universal Infant Free School Meals Grant for the period 1<sup>st</sup> September 2017 to 31st March 2018.

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## 14. Funds

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	3	512	-517	2	0
Other Income		7	-7		0
Pension reserve	-190		-10		-200
Other Government Grants		71	-71		0
	-187	590	-605	2	-200
<b>Restricted fixed assets funds</b>					
Transfer on conversion		2158	-28		2130
DFE / EFA capital grants	34	5	-8		31
Capital expenditure from GAG					0
Private sector capital sponsorship					0
	34	2163	-36	0	2161
<b>Total restricted funds</b>	<b>-153</b>	<b>2753</b>	<b>-641</b>	<b>2</b>	<b>1961</b>
<b>Unrestricted funds</b>					
Unrestricted funds	0	53	-8	-2	43
<b>Total Unrestricted funds</b>	<b>0</b>	<b>53</b>	<b>-8</b>	<b>-2</b>	<b>43</b>
<b>Total Funds</b>	<b>-153</b>	<b>2806</b>	<b>-649</b>	<b>0</b>	<b>2004</b>

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

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<sup>st</sup> August 2017.

- a) Other revenue grants must be used for specific expenses relating to the running of the Academy including pupil specific funding.
- b) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted general fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with those costs.
- c) Capital grants must be used to fund expenditure of a capital nature.



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## 15. Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible fixed assets			2156	2156
Current assets	43	40	5	88
Current liabilities		-40		-40
Pension scheme liability		-200		-200
<b>Total net assets</b>	<b>43</b>	<b>-200</b>	<b>2161</b>	<b>2004</b>

## 16. Reconciliation of net income to net cash inflow from operating activities

### Reconciliation of net income to net cash inflows from operating activities

	2017 £'000	2016 £'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	2150	-52
Adjusted for:		
Depreciation	36	11
Capital grants from DFE and other capital income	-2158	-2
Interest receivable	0	0
Defined benefit pension scheme costs less contributions payable (note 18)	-17	6
Defined benefit pension scheme finance costs (note 18)	4	4
(Increase) / decrease in debtors	6	-3
Increase / (decrease) in creditors	7	-103
	<u>28</u>	<u>-139</u>

## 17. Analysis of cash and cash equivalents

	At 31 August 2017 £'000	At 31 August 2016 £'000
Cash in hand and at bank	64	36
	<u>64</u>	<u>36</u>

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## 18. Members' Liability

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

## 19. Pension and similar obligations

The Academy's employees belong to two principal 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 'Your Pension Service' – Cumbria County Council. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS was 31 March 2012 and the LGPS 31 March 2016.

Contributions amounting to £6,767 were payable to the schemes at 31 August 2017 (2015: £6,821) and are included within creditors.

### Teachers' Pension Scheme

#### Introduction

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

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

#### Valuation of the Teachers' Pension Scheme

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 Card 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<sup>st</sup> March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Card Cap) Directions 2014. The valuation report was published by the Department for Education on 9<sup>th</sup> June 2014. The key elements of the valuation and subsequent consultations 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 rates of real earnings growth is assumed to be 2.75%, the assumed nominal rate of return is 5.06%.

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During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% 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<sup>st</sup> April 2019.

The employer's pension costs paid to TPS in the period amounted to £43,530 (2015: £57,614).

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

Under the definition 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 contribution made for the year ended 31 August 2017 was £29,769 (2016: £27,769), of which employer's contributions totalled £21,683 (2015: £23,068) and employee's contributions totalled £6,252 (2016: £6,701). The agreed contribution rate for future years are 5.5% - 12.5% for employees and 20.1% for employers.

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 of Education. The guarantee came into force on 18<sup>th</sup> July 2013.

### Principal Actuarial Assumptions

	<b>At 31 August 2017</b>	<i>At 31 August 2016</i>
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment / inflation	2.2%	1.9%
Discount rate of scheme liabilities	2.4%	2.1%
Inflation assumption (CPI)	2.2%	1.8%

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

	<b>At 31 August 2017</b>	<i>At 31 August 2016</i>
Retiring today		
Males	23.1	23.1
Females	25.7	25.7
Retiring in 20 years		
Males	25.4	25.9
Females	28.4	28.9

## ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

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

	<b>Fair value at 31 August 2017 £'000</b>	<i>Fair value at 31 August 2016 £'000</i>
Equities	157	137
Government Bonds	58	54
Bonds	20	20
Property	26	29
Cash / liquidity	17	8
Other	41	25
Total market value of assets	319	273
Present value of scheme liabilities		
- Funded	(519)	(463)
Surplus / (deficit) in the scheme	(200)	(190)

The actual return on scheme assets was £23,000 (2016: £43,000)

### Amounts recognised in the statement of financial activities

	<b>2017 £000</b>	<i>2016 £000</i>
Current service cost (net employer contributions)	13	5
Net Interest cost	3	4
Administrative Expenses	1	1
<b>Total operating charge</b>	<b>17</b>	<b>10</b>

Movement in the present value of defined benefit obligations were as follows:

	<b>2017 £000</b>	<i>2016 £000</i>
<b>As at 1st September 2016</b>	463	<b>303</b>
Current service cost	40	31
Interest cost	9	12
Employee contributions	6	7
Actuarial (gain) / loss	3	110
Business combinations	-2	0
<b>As at 31st August 2017</b>	<b>519</b>	<b>463</b>

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

	<b>2017</b>	<i>2016</i>
	<b>£000</b>	<i>£000</i>
<b>As at 1st September 2016</b>	273	198
Expected return on assets	6	8
Actuarial gain / (loss)	10	35
Administration expenses	-1	-1
Employer contributions	27	26
Employee contributions	6	7
Benefits paid	-2	0
<b>As at 31st August 2017</b>	<u><b>319</b></u>	<u><i>273</i></u>

The estimated value of employer contributions for the year ended 31<sup>st</sup> August 2018 is £28,000.

## The history of experience adjustments is as follows:

	<b>2017</b>	2016	2015	<i>2014</i>
	<b>£000</b>	£000	£000	<i>£000</i>
Present value of defined benefit obligations	-519	-463	-303	-252
Fair value of share of scheme assets	319	273	198	161
<b>Deficit in the scheme</b>	<u><b>-200</b></u>	<u><b>-190</b></u>	<u><b>-105</b></u>	<u><i>-91</i></u>

## 20. Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the governing body' being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures.