

Learning for Life Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements Year Ended 31 August 2017



Company Registration Number: 09690231
(England & Wales)

Learning for Life Trust

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Reference and Administrative Details

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the company for the period ended 31 August 2017.

	Appointed	Resigned
Members		
	Mrs D Yoxall	
	Mrs L Lister	
	Mrs E Goodfellow	
Trustees		
	Mr O Nicols (Chair)	
	Mrs V Bennett	
	Mr C Smith	
	Mrs A Pattinson (Principal and Accounting Officer to 08/02/2017)	04/04/2017
	Mr A Cooney	12/12/2016
	Mr C Steele (Headteacher and Accounting Officer from 01/09/2017)	01/09/2017
Local Governing Body for Fairfield Primary School		
	Mr O Nicols (Parent Governor)	
	Mrs V Bennett (Chair)	
	Mr C Smith	
	Mrs J Sutton (Staff)	
	Mrs S Sapsford	
	Mr A Cooney (Parent Governor)	
	Mrs V McDowell	November 16
Company Secretary	C Parker	
Senior Management Team		
• Executive Principal	Mrs A Pattinson	04/04/2017
• Headteacher	Mr C Steele	01/09/2017
• Deputy Headteacher	Mrs J Sutton (Acting Headteacher and Accounting Officer from 09/02/2017)	
• SENCO	Mrs S Johnson	
• Early Years Lead	Mrs L Harrison	
• School Business Manager	Mrs C Parker	
Company Name	Learning for Life Trust	
Principal and Registered Office	Gallowbarrow Cockermouth CA13 0DX	
Company Registration Number	09690231 (England & Wales)	

Reference and Administrative Details (continued)

Independent Auditor

Saint and Co
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

Bankers

Lloyds Bank Plc
Keswick Branch
PO Box 1000
Andover
BX1 1LT

Solicitors

Burnetts
6 Victoria Place
Carlisle
Cumbria
CA1 1ES

Trustees' Report

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the period 01 September 2016 to 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates one primary academy for pupils aged 3 to 11 in Cockermouth. Fairfield Primary has a pupil capacity of 420 and had a roll of 342 in the school census in summer 2017.

Structure, Governance and Management

Constitution

The Academy Trust was incorporated on 16 July 2015. 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 Learning for Life Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Learning for Life Trust. Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details. The Board of Trustees has formally met 3 times during the year.

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 they cease to be a member.

Governor's Indemnities

In respect of the governors, the Academy Trust holds professional indemnity insurance via the Department of Education's risk protection arrangements.

Method of Recruitment and Appointment or Election of Governors

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Trust's development.

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

The training and induction provided for new Trustees will depend upon their existing experience but includes a tour of all the Academies within the Trust and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as Trustees.

Trustees' Report (continued)

Organisational Structure

The Board of Trustees normally meets once each term. During our second year as a Trust the Board has continued in developing its strategy, terms of reference, scheme of delegation and policies and procedures for School Local Governing Bodies, who may join the Trust in time. Due to the resignation of the executive principal in April 2017, a key focus has been recruiting a new headteacher for Fairfield Primary School. The recruitment process has been successful and a new head appointed to start in September 2017.

It is an expectation that as the Trust grows it should receive reports and Key Performance Indicators from all School Governing Bodies as they join the trust.

The operation of the Trust and the School/s within the Trust is clearly laid out in our Scheme of Delegation.

Currently, the multi academy trust is a single academy trust with one school, Fairfield Primary School. A local governing body provides governance of Fairfield Primary School under the remit of the scheme of delegation. Two sub committees provide in-depth scrutiny; Standards Committee, providing scrutiny of curriculum and standards, and the Resource Committee to review and manage budget, and oversee health and safety including safeguards and building maintenance.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of the academies key management personnel is set by a subcommittee of the Trustees with support and guidance of an external consultant and reviewed annually. Pay scales are taken from the School Teachers Pay and Conditions document for teaching staff or from the Cumbria County Council job families pay and grading structure for support staff.

Related Parties and other Connected Charities and Organisations

The multi academy trust is made up of the following schools:

- Fairfield Primary School Academy

There are no other connected organisations however the academy trust works very closely with a group of schools sharing good practice and undertaking Peer to Peer reviews with each school.

Trustees' Report (continued)

Objectives and Activities

Objects and Aims

The Academy Trust's object is specifically restricted to the provision for the public benefit education in the United Kingdom, by establishing and managing the school and promoting a broad and balanced curriculum for all students.

The aims of the trust are to achieve academic excellence and produce lifelong learners in a safe and nurturing environment:

- achieving academic excellence through courageous, inspiring and innovative teaching and continuous improvement.
- achieving lifelong learners who are effective learners part of the wider world.
- achieving a safe and nurturing environment, with mutual trust and respect and equal partnerships celebrating diversity.

Objectives, Strategies and Activities

Key priorities for the next three years can be found in the ongoing School Improvement Plan of Fairfield Primary School. A strategic overview is compiled each term followed by a termly evaluation by all stakeholders.

The school holds its own Self-Evaluation Document which using the present Ofsted Framework grades the school as Good in all areas with many outstanding features.

The key activities and targets for the Trust have been formulated as a draft improvement plan, and lays out:

Vision and values

- developing a strategy for communicating the trust vision

Business, Financial and Operational matters

- developing the scheme of delegation
- establishing strategies for income generation
- secure reputable accountancy services for the Trust
- ensure all personnel have relevant training to run a high performing MAT.

Growth Strategy, Branding and Marketing

- develop branding and marketing materials and a growth strategy

Quality assurance

- develop system for monitoring performance of academies

Public Benefit

The Trustees have given consideration to the charity commission's general guidance on public benefit and in particular to its supplementary guidance on education. The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy's objective is to advance for the public benefit education in this area, in particular, developing a school offering a broad and balanced curriculum which helps all students to fulfil their potential.

Trustees' Report (continued)

Strategic Report

Achievements and Performance

Key Financial Performance Indicators

KEY STAGE 1 RESULTS

	PUPILS ACHIEVING EXPECTED STANDARD			
	Schools' Result	Cumbrian Average	National Average	Difference of school to National
Reading	67.0%	73%	76%	-9.0%
Writing	48.0%	64%	68%	-20.0%
Spelling, Punctuation and Grammar	-	-	-	-
Mathematics	62.0%	73%	75%	-13.0%
Reading, Writing and Mathematics combined	43.0%	60%	64%	-21.0%

Number of pupils in cohort - 43

Year 1 Phonics Screening Results 2016	Pupils meeting the expected standard
School results	National results
73%	81%

Number of pupils in cohort - 60

KEY STAGE 2 RESULTS

Number in cohort- 58

Pupils achieving a scaled score of 100 or more at the end of KS2

	Pupils Achieving Expected Standard			Pupils Achieving Higher Standard	
	Schools' Result	Cumbrian Average	National Average	Schools' Result	National Average
Reading	83%	73%	71%	54%	25%
Writing	83%	77%	76%	20%	18%
Spelling, Punctuation and Grammar	83%	76%	77%	36%	31%
Mathematics	88%	74%	75%	53%	23%
Reading, Writing and Mathematics combined	78%	61%	61%	15%	9%

N.B. National 'Floor Standard' for attainment is 65% for all subjects combined * = A scaled score of 110 or more is the threshold for a pupil's performance to be viewed as being to a higher standard than expected.

AVERAGE PROGRESS

	School's Progress	Compared to National Average
Reading	2.41	0*
Writing	-0.50	0*
Mathematics	2.36	0*

This is calculated using as a value added measure from KS1 to KS2. It is based on value added in each of reading, writing and maths compared with the scores of pupils with the same Key Stage 1 results.

National 0* 0* 0* * = The calculating of 'Value Added' nationally ensures that average progress is zero.

N.B. The government's progress floor targets for KS2: -5 in Reading; -7 in Writing -5 in Maths

Trustees' Report (continued)

Interpreting progress scores

Progress scores will be centred around 0, with most schools within the range of -5 to +5.

- A score of 0 means pupils in this school on average do about as well at KS2 as those with similar prior attainment nationally.
- A positive score means pupils in this school on average do better at KS2 as those with similar prior attainment nationally.
- A negative score means pupils in this school on average do worse at KS2 as those with similar prior attainment nationally.
- A negative score does not mean that pupils did not make any progress, rather it means they made less progress than other pupils nationally with similar starting points.

AVERAGE SCALED SCORES

	School	Cumbria Average	National Average
Reading	109	105	104
Spelling, Punctuation and Grammar	107	105	106
Mathematics	108	104	104

EARLY YEARS DATA

	Cohort	% of pupils achieving a GLD	
		School	National
All pupils	41	71.0%	71.0%
Male	22	68.0%	64.0%
Female	19	74.0%	77.0%
FSM	2	0.0%	56.0%
Non FSM	39	73.0%	73.0%

	Percentage of pupils achieving at least expected in						
	Communication & Language			Literacy		Mathematics	
	Listening & Communication	Understanding	Speaking	Reading	Writing	Number	Shape, Space & Measure
School	76%	81%	88%	85%	76%	78%	81%
National	86%	86%	85%	77%	73%	79%	82%

	Percentage of pupils achieving at least expected in					
	Physical Development		Personal, Social & Emotional Development			
	Moving & Handling	Health & Self Care	Self-Confidence & Self-awareness	Managing Feelings & Behaviour	Making Relationships	
All Pupils	School	98%	98%	90%	83%	88%
	National	90%	91%	89%	88%	90%

	Percentage of pupils achieving at least expected in					
	Understanding of the World			Expressive Arts & Design		
	People & communities	The World	Technology	Exploring and using media and materials	Being Imaginative	
All Pupils	School	88%	85%	100%	98%	93%
	National	86%	86%	93%	89%	88%

Data taken from Gov.uk National Statistics Early Years Foundation Stage Profile results 2016 to 2017.

Trustees' Report (continued)

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Headteacher, Deputy Headteacher and subject leaders. In the year 2016/17 100% of lessons observed were judged to be Good or better. In addition the school undertakes regular book scrutinies, Learning Walks and other monitoring activities to ensure standards remain high. An external review of the school's performance was undertaken through a peer to peer review by two Headteachers from other partnership schools. The peer to peer review validated the evaluation of the school.

The MAT was successful at obtaining Condition Improvement Funding for the final phase of heating work to be completed in the middle building. This phase sees the completion of the heating replacement project. A bid to the CIF fund for fencing and security improvements was declined. This bid will be re-submitted in 2017/18.

The school has held several successful CPD conference days which have been attended by other schools which has assisted with costs. This has enabled all staff to gain further understanding of the teaching of Reading and Writing and mindfulness.

The PTA continue to be an asset to the school and have this year raised in excess of £8K which will be used to purchased outdoor adventure playground equipment for Key Stage 2.

A rolling programme for the replacement of ageing and problematic ICT equipment has been established and two new colour monitors have been purchased to replace old Interactive Whiteboards. The school has also purchased some tablets to assist with the implementation of new apps and software to support teaching, learning, assessment and communication with parents.

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.

Trustees' Report (continued)**Financial Review****Financial Review**

The Academy Trust's accounting period is 01 September 2016 to 31 August 2017.

During the period under review, the majority of the Academy Trust's income was obtained from the DfE in the form of recurrent grants, the use of which was restricted to the Academy's educational activities. The grants received during the accounting period and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year, the school received total revenue funding for Charitable activities of £1,683,623, of which £1,307,800 was from the DfE in the form of GAG funding (78%).

In addition to the recurrent funding the school was successful in attracting capital funding £81,991 for refurbishment of the school's infrastructure from the DfE.

Revenue expenditure was £1,664,739, of which staffing is the main area of cost at £1,313,967 (79%).

Reserves Policy

At the end of the period the governors were holding £174,256 in restricted general funds (GAG £159,134) and £214,980 in unrestricted funds, which are within DfE guidelines. The trustees review the level of reserves annually as part of its budget planning cycle, and aims to carry forward a prudent level of resources from General Annual Grant as a contingency for future unforeseen circumstances, and as contributions towards future capital improvement programmes.

Funds in Deficit

The Academy holds a deficit on the local government pension scheme of £846,000. In the event of the closure of the Academy, this deficit would be met by the DfE.

Investment Policy

In a period of financial uncertainty and historically low interest rates, the Academy Trust's policy has been to maximise liquidity and minimise risk. This policy will be kept under review.

Principal Risks and Uncertainties

The principal risks to the Academy are financial and result from the projected deficit on the Local Government Pension Scheme, and from the proposed changes to the funding formulas. The Academy is operating in a period of considerable financial uncertainty with regard to public funding. Long term financial planning is focused on maintaining the breadth and quality of the school's curriculum.

Financial and Risk Management Objectives and Policies

The trustees are responsible for the management of the risks the Academy is exposed, and have undertaken a review of risks associated with its activities. The major risks that have been identified are recorded on the Academy's Risk Register, and procedures are being developed to manage the risk.

Principal Funding Sources

The majority of the academy's income is obtained from the Education and Skills Funding Agency (ESFA) and the Local Authority in the form of grants, the use of which is restricted to particular purposes.

Trustees' Report (continued)

Plans for Future Periods

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

The Trust will continue to work with partner schools to improve the educational opportunities for pupils in the wider community. Full details of our plans for the future are given in our MAT Improvement Plan.

We are aware that our budget forecast is predicting a deficit in future years as staff costs rise and predicted pupil numbers decline, although this could change given the recent ongoing building in the town. Reductions in staffing and other savings will need to be made during this academic year in order to address this.

The school has held talks with several schools who were keen to learn about Multi- Academy Trusts but who have not taken steps to move away from Local Authority control. The school is eligible to sponsor other primary schools and to support the Headteachers and the Senior Leadership Teams through their conversion to an Academy if approached by the DfE. We will continue to work with other Good and Outstanding Primary schools to share best practice and resources through our school to school partnerships and through our work with Whole Education.

Auditor

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, was approved by order of the members of the board of trustees on 13 December 2017 and signed on its behalf by:



Mr O Nicols

Chair of Trustees

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Head teacher of Fairfield Primary School, 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 the Learning for Trust and the Secretary of State for Education.

Governors 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 Trustees' responsibilities statement.

Attendance during the year at meetings of the **trustee body** was as follows:

Trustee	Meetings attended	Out of a possible
Mrs V Bennett	7	7
Mr O Nicols	7	7
Mrs A Pattinson (resigned April 2017)	0	3
Mr A Cooney (Appointed December 2016)	6	6
Mr C Smith	7	7

Attendance during the year at meetings of the **Local Governing Body** was as follows:

Governor	Meetings attended	Out of a possible
Mrs J Sutton	3	3
Mrs V Bennett	3	3
Mr O Nicols	3	3
Mr C Smith	2	3
Mrs S Sapsford	3	3
Mr A Cooney	3	3

Governance Review

- In its second year, the trustee board has continued to operate using a scheme of delegation which details what accountability has been delegated to the local governing body.
- An annual full governor skills audit was discussed and action agreed, which included increasing the size of the Local Governing Body through recruitment of required skills.
- The trustees have also continued with a governance improvement plan as part of the school 3 year improvement plan, running from 2016 - 2019. This includes aims in improving training, improvement in monitoring, improvements in developing relationships with the parents and local community. The plan has detailed actions which are reviewed termly.
- The trustees successfully recruited a new headteacher for Fairfield Primary school who commenced work in September 2017.

Governance Statement (continued)

Review of Value for Money

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

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

- As a high proportion of the schools revenue expenditure is spent on teaching staff, the school undertakes an annual review of its curriculum offer and its staffing requirements to ensure it is appropriate for the size of school.
- Contracts tendered via Cowen & Co with specialist knowledge for the CIF projects.

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 Learning for Life Trust for the period 01 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The 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 trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 01 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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 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.

Governance Statement (continued)

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Saint and Co the external auditor, to perform additional checks.

The external auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The external auditor has delivered their schedule of works as planned and any recommendations have been considered.

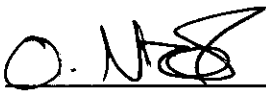
Review of Effectiveness

As accounting officer, the Head 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 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.

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

Approved by order of the members of the Trustee Body on 13 December 2017 and signed on its behalf by:



Mr O Nicols
Chair of Trustees



Mr C Steele
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Learning for Life Trust 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 board of trustees are able to identify any material irregular or improper use of all 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.



Mr C Steele
Accounting Officer

13/12/17 Date

Statement of Trustees' Responsibilities

The trustees (who act as governors of Learning for Life Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published 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 financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017
- make judgments 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 accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 financial statements may differ from legislation in other jurisdictions.

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



Mr O Nicols
Chair of Trustees
13 December 2017

Independent Auditor's Report on the Financial Statements to the Members of the Learning for Life Trust

Opinion

We have audited the financial statements of Learning for Life Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 2006. 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 auditor's 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- 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 Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2015 and 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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 financial statements are authorised for issue.

Independent Auditor's Report on the Financial Statements to the Members of the Learning for Life Trust (continued)**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

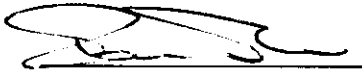
In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate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

Independent Auditor's Report on the Financial Statements to the Members of the Learning for Life Trust (continued)

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of Independent Auditors.



Ian Thompson (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

19/12/17 Date

Independent Reporting Accountant's Assurance Report on Regularity to the Learning for Life Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 10/10/2017 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 Learning for Life Trust during the period 01 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 Learning for Life Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Learning for Life Trust 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 Learning for Life Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective Responsibilities of the Learning for Life Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirement of the Learning for Life Trust's funding agreement with the Secretary of State for Education dated 30 July 2015 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 01 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.

Independent Reporting Accountant's Assurance Report on Regularity to the Learning for Life Trust and the Education and Skills Funding Agency (continued)

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:

- the Financial Management & Governance Evaluation (FMGE) was obtained and considered;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual severance payments have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee / governors declaration of interests;
- where present obtaining the accounting officer's file.

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 01 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.



Ian Thompson (Reporting Accountant)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

19/12/17

_____ Date

Statement of Financial Activities for the Year Ended 31 August 2017

(Including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total Period 16/07/15 to 31/08/16 £
Income and endowments from:						
Donations and capital grants	2	1,488	7,682	98,820	107,990	214,650
Transfer from local authority on conversion		-	-	-	-	1,184,600
Charitable activities						
Funding for the Academy 's educational operations	3	118,666	1,564,957	-	1,683,623	1,810,051
Other trading activities	4	-	12,180	-	12,180	-
Investments	5	272	-	-	272	374
Total		120,426	1,584,819	98,820	1,804,065	3,209,675
Expenditure on:						
Charitable activities						
Academy trust educational operations	8	102,291	1,562,448	151,046	1,815,785	1,997,995
Other trading activities	7	-	-	-	-	-
Total	6	102,291	1,562,448	151,046	1,815,785	1,997,995
Net income / (expenditure)		18,135	22,371	(52,226)	(11,720)	1,211,680
Transfers between funds	11	(631)	(3,369)	4,000	-	-
Other recognised gains and (losses)						
Actuarial (losses) / gains on defined benefit pension schemes	23	-	65,000	-	65,000	(356,000)
Net movement in funds		17,504	84,002	(48,226)	53,280	855,680
Reconciliation of funds						
Total funds brought forward	18	197,476	(755,746)	1,413,950	855,680	-
Total funds carried forward	18	214,980	(671,744)	1,365,724	908,960	855,680

All of the academy's activities derive from continuing operations during the above financial periods.

Balance Sheet as at 31 August 2017

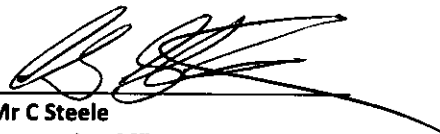
Company Number 09690231

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	14		1,283,945		1,346,630
Investments			-		-
			<u>1,283,945</u>		<u>1,346,630</u>
Current assets					
Stock	15	6,745		4,293	
Debtors	16	148,305		144,244	
Cash at bank and in hand		<u>405,005</u>		<u>322,260</u>	
		560,055		470,797	
Liabilities					
Creditors: Amount falling due within one year	17	<u>(89,040)</u>		<u>(129,747)</u>	
Net current assets			<u>471,015</u>		<u>341,050</u>
Total assets less current liabilities			1,754,960		1,687,680
Defined benefit pension scheme liability	23		(846,000)		(832,000)
Total net assets			<u><u>908,960</u></u>		<u><u>855,680</u></u>
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	18	1,365,724		1,413,950	
General funds	18	174,256		76,254	
Pension reserve	18,23	<u>(846,000)</u>		<u>(832,000)</u>	
Total restricted funds	18		693,980		658,204
Unrestricted income funds					
General fund	18	<u>214,980</u>		<u>197,476</u>	
Total unrestricted funds			214,980		197,476
Total funds			<u><u>908,960</u></u>		<u><u>855,680</u></u>

The financial statements were approved by the trustees, and authorised for issue on 13 December 2017 and signed on their behalf by:



Mr O Nicols
Chair of Trustees



Mr C Steele
Accounting Officer

Statement of Cash Flows for the Year Ended 31 August 2017

	2017	16/07/15 to 31/08/16	
	£	£	
Reconciliation of net income / (expenditure) to net cash flow from operating activities			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(11,720)	1,211,680	
<i>Adjusted for:</i>			
Depreciation	75,978	79,333	
Capital grants from DfE and other capital income	(90,237)	(214,017)	
Interest receivable	(272)	(374)	
Defined benefit pension scheme obligation inherited	-	450,000	
Defined benefit pension scheme costs less contributions payable	60,000	9,000	
Defined benefit pension scheme net pension finance costs	19,000	17,000	
Cash transferred on conversion to an academy trust	-	(216,655)	
Assets transferred from predecessor school	-	(1,417,945)	
Decrease/(Increase)Increase in stocks	(2,452)	(4,293)	
Decrease/(Increase) in debtors	(4,061)	(144,244)	
Increase/(Decrease) in creditors	(40,707)	129,747	
Net cash provided by / (used in) Operating Activities	<u>5,529</u>	<u>(100,768)</u>	
Cash flows from financing activities			
Repayments of borrowing	-	-	
Cash inflows from new borrowing	-	-	
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>	
Cash flows from investing activities			
Interest receivable	272	374	
Proceeds from sale of tangible fixed assets	-	-	
Purchase of tangible fixed assets	(13,293)	(1,425,963)	
Capital grants from DfE and other capital income	90,237	214,017	
Cash transferred on conversion to an academy trust	-	216,655	
Assets transferred from predecessor school	-	1,417,945	
Net cash provided by / (used in) investing activities	<u>77,216</u>	<u>423,028</u>	
Change in cash and cash equivalents in the reporting period	<u>82,745</u>	<u>322,260</u>	
Cash and cash equivalents at 1 September 2016	322,260	-	
Cash and cash equivalents at 31 August 2017	405,005	322,260	
Analysis of cash and cash equivalents	1 Sept 16	Cash flows	31 Aug 17
	£	£	£
Cash in hand and at bank	<u>322,260</u>	<u>82,745</u>	<u>405,005</u>
Total cash and cash equivalents	<u>322,260</u>	<u>82,745</u>	<u>405,005</u>

Notes to the Financial Statements for the Year 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 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.

The trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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, the receipt is probable and the amount can be measured reliably.

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.
- Other government grants are also recognised on a receivable basis. For all grants the balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.
- 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.
- Donations, legacies and other forms of voluntary income 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, 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'.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**1. Statement of Accounting Policies (Continued)**

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

Deferred Income

Grants and other funding received for the academy's educational activities for a period spanning the year end are deferred pro-rata to the relevant periods in order to match the funding to the period in which the costs of charitable activities are incurred.

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.

- 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.

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**1. Statement of Accounting Policies (Continued)****Tangible Fixed Assets**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

The capitalisation policy of items as tangible fixed assets is single items costing £2,000 or more.

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

Tangible fixed assets transferred on conversion to Academy status have been included in the accounts at valuation.

Depreciation

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/reducing balance basis over its expected useful life, as follows:

- Leasehold land - straight line over remaining lease term
- Leasehold buildings - straight line over economic life (ranging from 15 -20 years)
- Information communications & technology equipment - 3 years straight line
- Furniture fittings & equipment - 5 years straight line
- Motor vehicles - 25% reducing balance

Assets are depreciated in full in the year of purchase.

The total depreciation charge is allocated to teaching costs and administration and support costs pro-rata to the number of employees.

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

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.

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.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**1. Statement of Accounting Policies (Continued)****Provisions**

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

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

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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 as detailed in the notes. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stocks

Stocks are valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items.

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 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.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**1. Statement of Accounting Policies (Continued)****Pension 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.

Teachers' Pension Scheme

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 the notes, 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.

Local Government Pension Scheme

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.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**1. Statement of Accounting Policies (Continued)****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.

School funds that are not otherwise restricted are designated within unrestricted funds. An amount equal to the value of the investment bond is also designated.

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 grants, including the General Annual Grant (GAG), and other funding for educational purposes and any voluntary income to be used for specific purposes.

The Local Government Pension Scheme deficit is recognised against restricted general funds in order to match it against the GAG, in accordance with Education and Skills Funding Agency guidance.

Details of restricted and unrestricted funds are shown in the notes to the financial statements.

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, assumptions and judgements

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 notes, 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.
- The annual depreciation charge is sensitive to the estimated useful economic lives of property. The useful economic lives of property, plant and equipment is initially based on the professional valuers report using their judgement and experience. The useful economic lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

2. Donations and Capital Grants

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2017	Total 16/07/15 to 31/08/16
	£	£	£	£	£
ESFA Capital grants	-	-	90,237	90,237	214,017
Donated fixed assets	-	-	-	-	-
Miscellaneous donations	1,488	7,682	8,583	17,753	633
	<u>1,488</u>	<u>7,682</u>	<u>98,820</u>	<u>107,990</u>	<u>214,650</u>
Previous year total	<u>633</u>	<u>-</u>	<u>214,017</u>	<u>214,650</u>	

3. Funding for Academy's educational operations

	Unrestricted Funds	Restricted Funds	Total 2017	Total 16/07/15 to 31/08/16
	£	£	£	£
DfE/ESFA Grants				
General Annual Grant (GAG)	-	1,307,800	1,307,800	1,434,102
Pupil premium	-	34,290	34,290	31,495
Universal infant free school meals (UIFSM)	-	48,726	48,726	26,729
Other DfE/ESFA grants	-	14,867	14,867	40,134
	<u>-</u>	<u>1,405,683</u>	<u>1,405,683</u>	<u>1,532,460</u>
Other Government Grants				
LA funded statements	-	27,120	27,120	13,512
Nursery income	-	54,983	54,983	45,336
Other government grants	-	5,157	5,157	2,316
	<u>-</u>	<u>87,260</u>	<u>87,260</u>	<u>61,164</u>
Catering	49,781	-	49,781	62,657
Wraparound income	68,885	-	68,885	54,240
School fund income	-	-	-	28,791
School trips income	-	40,943	40,943	41,633
Other educational income	-	31,071	31,071	29,106
	<u>118,666</u>	<u>1,564,957</u>	<u>1,683,623</u>	<u>1,810,051</u>
Previous year total	<u>172,479</u>	<u>1,637,572</u>	<u>1,810,051</u>	

4. Other Trading Activities

	Unrestricted Funds	Restricted Funds	Total 2017	Total 16/07/15 to 31/08/16
	£	£	£	£
Hire of facilities	-	-	-	-
Catering Income	-	-	-	-
Receipts from staff insurance claims	-	12,180	12,180	-
Risk protection arrangement claims	-	-	-	-
	<u>-</u>	<u>12,180</u>	<u>12,180</u>	<u>-</u>
Previous year total	<u>-</u>	<u>-</u>	<u>-</u>	

5. Investment Income

	Unrestricted Funds	Restricted Funds	Total 2017	Total 16/07/15 to 31/08/16
	£	£	£	£
Bank interest receivable	272	-	272	374
Other interest receivable	-	-	-	-
	<u>272</u>	<u>-</u>	<u>272</u>	<u>374</u>
Previous year total	<u>374</u>	<u>-</u>	<u>374</u>	

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6. Expenditure	Staff	Non Pay Expenditure		Total	Total
	Costs	Premises	Other Costs	2017	16/07/15 to 31/08/16
	£	£	£	£	£
Cost of other trading activities	-	-	-	-	-
Academy's educational operations					
Direct costs	1,094,980	23,579	70,678	1,189,237	1,271,054
Allocated support costs	218,987	191,380	216,181	626,548	726,941
	<u>1,313,967</u>	<u>214,959</u>	<u>286,859</u>	<u>1,815,785</u>	<u>1,997,995</u>
	<u>1,313,967</u>	<u>214,959</u>	<u>286,859</u>	<u>1,815,785</u>	<u>1,997,995</u>
Previous year total	<u>1,381,496</u>	<u>284,038</u>	<u>332,461</u>	<u>1,997,995</u>	
				2017	16/07/15 to 31/08/16
Net income/(expenditure for the period includes:				£	£
Depreciation				75,978	79,333
Operating lease rentals				1,633	1,861
(Gain) / loss on disposal of fixed assets				-	-
Fees payable to current auditor					
- audit of the financial statements				4,100	4,100
- other assurance services				5,213	3,100
- other services				3,800	3,800
				<u>3,800</u>	<u>3,800</u>

7. Cost of Other Trading activities	Unrestricted	Restricted	Total	Total
	Funds	Funds	2017	16/07/15 to 31/08/16
	£	£	£	£
Trading activities costs	-	-	-	-
Maintenance of premises and equipment	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Previous year total	<u>-</u>	<u>-</u>	<u>-</u>	

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8. Charitable Activities	Unrestricted Funds	Restricted Funds	Total 2017	Total 16/07/15 to 31/08/16
	£	£	£	£
Direct Costs - educational operations				
Teaching and educational support staff costs	-	1,094,980	1,094,980	1,188,490
Depreciation	-	23,579	23,579	25,631
Educational supplies	2,350	30,583	32,933	24,782
Staff development	250	15,918	16,168	17,593
Staff insurance	-	17,359	17,359	8,460
Examination fees	-	-	-	-
Educational consultancy	-	4,218	4,218	6,098
Other direct costs	-	-	-	-
	<u>2,600</u>	<u>1,186,637</u>	<u>1,189,237</u>	<u>1,271,054</u>
Support Costs - educational operations				
Support staff costs	46,841	172,146	218,987	193,006
Depreciation	-	52,399	52,399	53,702
Staff development	-	-	-	-
Maintenance of premises and equipment	-	95,756	95,756	157,399
Professional Fees	-	418	418	13,704
Cleaning	1,000	4,120	5,120	6,036
Rates and water	600	17,388	17,988	6,816
Heat and light	900	9,798	10,698	22,977
Insurance	-	9,419	9,419	11,477
Transport	-	1,096	1,096	903
Catering	49,150	51,863	101,013	125,028
Technology costs	1,200	17,620	18,820	19,377
School fund expenses	-	-	-	9,037
School trips & activities	-	38,740	38,740	40,061
Other support costs	-	21,467	21,467	16,502
	<u>99,691</u>	<u>492,230</u>	<u>591,921</u>	<u>676,025</u>
Support Costs - governance				
Audit fees	-	4,100	4,100	4,100
Accountancy and assurance fees	-	9,013	9,013	6,900
Trustees' training and expenses	-	-	-	-
Legal and professional fees	-	2,514	2,514	22,916
Net finance costs in respect of defined benefit pension schemes	-	19,000	19,000	17,000
	<u>-</u>	<u>34,627</u>	<u>34,627</u>	<u>50,916</u>
Total direct and support costs	<u>102,291</u>	<u>1,713,494</u>	<u>1,815,785</u>	<u>1,997,995</u>
Previous year total	<u>171,858</u>	<u>1,826,137</u>	<u>1,997,995</u>	

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

9. Staff

a. Staff costs

Staff costs during the period were:	2017	16/07/15 to 31/08/16
	£	£
Wages and salaries	977,212	1,101,125
Social security costs	76,593	77,148
Operating costs of defined benefit pension schemes	231,418	203,223
Apprenticeship levy	-	-
	<u>1,285,223</u>	<u>1,381,496</u>
Supply staff costs	9,208	-
Staff restructuring costs	19,536	-
Less: seconded out of the organisation	-	-
	<u>1,313,967</u>	<u>1,381,496</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	19,356	-
Other restructuring costs	-	-
	<u>19,356</u>	<u>-</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £19,356 (2016: £Nil)

c. Staff numbers

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

	2017	16/07/15 to 31/08/16
<i>Charitable Activities</i>	No	No
Management	1	1
Teachers	17	20
Administration and support	40	44
	<u>58</u>	<u>65</u>

d. Higher paid staff

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

	2017	16/07/15 to 31/08/16
	No	No
£60,000 to £69,999	1	1
	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 the employer's pension contributions in respect of this employee amounted to £Nil (2016: £7,226).

e. 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 £282,154 (2016: £282,874 revised).

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

10. Central Services

No central services were provided by the trust to its academies during the period and no central charges arose.

11. Transfers Between Funds

	2017
	£
Unrestricted funds	
Designated catering overspend in the year covered by GAG funds	(631)
Designated school fund to GAG to cover unallocated costs	(631)
	<u>(631)</u>
Restricted general funds	
School trips fund to GAG to cover unallocated costs	(2,203)
Contribution from GAG in relation to Condition Improvement Fund project	(2,000)
Contribution from GAG in relation to Condition Improvement Fund project	(2,000)
School trips fund to GAG to cover unallocated costs	2,203
Designated catering overspend in the year covered by GAG funds	631
	<u>(1,166)</u>
	<u>(3,369)</u>
Restricted fixed asset funds	
DfE/EFA formula grant to Fixed assets fund - purchases of fixed assets	(4,710)
Capital donations - purchases of fixed assets	(8,583)
Fixed assets used for charitable purposes - purchases from funds per above	13,293
Contribution from GAG in relation to Condition Improvement Fund project	2,000
Contribution from GAG in relation to Condition Improvement Fund project	2,000
	<u>4,000</u>

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**12. Related Party Transactions – 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 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.

Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees.

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

Andrea Pattinson (exec principal)		
Remuneration	£65,000 to £69,999	(2016: £65,000 to £69,999)
Employer's pension contributions	£5,000 to £9,999	(2016: £10,000 to £14,999)

During the period ended 31 August 2017, there were no travel and subsistence expenses reimbursed or paid directly to trustees (2016: £Nil).

13. Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims for negligent acts, errors or omissions occurring whilst on academy business. The insurance for the year ended 31 August 2017 provides cover up to £10,000,000 (2016: £5,000,000) on any one claim.

The academy's insurance is via the Department for Education's risk protection arrangement (RPA) and the cost of this insurance is included in the total insurance cost.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

14. Tangible Fixed Assets	Long Leasehold Land & Buildings	Motor Vehicles	Furniture Fittings & Equipment	ICT Equipment	Total
Cost	£	£	£	£	£
As at 01 September 2016	1,369,950	7,995	25,000	23,018	1,425,963
Assets on Conversion	-	-	-	-	-
Additions	-	-	8,583	4,710	13,293
Disposals	-	-	-	-	-
As at 31 August 2017	<u>1,369,950</u>	<u>7,995</u>	<u>33,583</u>	<u>27,728</u>	<u>1,439,256</u>
Depreciation					
As at 01 September 2016	63,439	2,165	5,417	8,312	79,333
Charge in year	58,560	1,458	6,717	9,243	75,978
Disposals	-	-	-	-	-
As at 31 August 2017	<u>121,999</u>	<u>3,623</u>	<u>12,134</u>	<u>17,555</u>	<u>155,311</u>
Net book values					
As at 31 August 2017	<u>1,247,951</u>	<u>4,372</u>	<u>21,449</u>	<u>10,173</u>	<u>1,283,945</u>
As at 01 September 2016	<u>1,306,511</u>	<u>5,830</u>	<u>19,583</u>	<u>14,706</u>	<u>1,346,630</u>

Valuation Details

The leasehold land and buildings were valued at £1,369,950 as at 01 August 2015 by Thornburn & Co Ltd RICS Registered Valuers, who is independent of the charitable company. The basis of valuation for the assets was Fair Value using a Depreciated Replacement Cost approach in accordance with FRS102.

Boiler and heating systems repairs and replacements projects

During the year the academy incurred significant expenditure on the upgrading of heating boilers and the replacement of fan heaters within the school which were funded by ESFA Condition Improvement Fund grants. The full cost of these projects have been treated as resources expended in the Statement of Financial Activities and are included in maintenance of premises costs.

Heating pipework replacement project

During the year the academy started a project to replace the old heating pipework in the two storey building which was funded by an ESFA Condition Improvement Fund grant. The full cost of this project has been treated as resources expended in the Statement of Financial Activities and is included in maintenance of premises costs.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15. Stock	2017	2016
	£	£
Stationery	6,295	3,793
Cleaning	450	500
	<u>6,745</u>	<u>4,293</u>
16. Debtors	2017	2016
	£	£
Trade debtors	285	6,591
VAT recoverable	16,844	12,586
Prepayments	43,023	29,865
Accrued income	88,153	70,719
Other debtors	-	24,483
	<u>148,305</u>	<u>144,244</u>
17. Creditors: Amounts Falling due Within One Year	2017	2016
	£	£
Trade creditors	7,933	3,030
Taxation and social security	17,603	20,636
Sundry creditors	19,717	20,591
ESFA creditor	-	-
Accruals	12,178	36,677
Deferred income	31,609	48,813
	<u>89,040</u>	<u>129,747</u>
Deferred Income	2017	2016
	£	£
Accruals and deferred income includes:		
Deferred income at 1 September 2016	48,813	-
Resources deferred in the year	31,609	48,813
Amounts released from previous years	(48,813)	-
Deferred income at 31 August 2017	<u>31,609</u>	<u>48,813</u>
Deferred income comprises:		
EFA Rates Funding for 1 September 2017 to 31 March 2018	3,185	
EFA Universal Infants Free School Meals allocation for 2017/18	28,424	
School fund income for future trips	-	
	<u>31,609</u>	

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

18. Funds	Balance at 01-Sep 2016 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2017 £
Restricted General Funds					
General Annual Grant (GAG)	76,254	1,307,800	(1,223,754)	(1,166)	159,134
Pupil Premium	-	34,290	(34,290)	-	-
Universal infant free school meals (UIFSM)	-	48,726	(48,726)	-	-
Other DfE/ESFA grants	-	14,867	(14,487)	-	380
LA funded statements	-	27,120	(27,120)	-	-
Other government grants	-	5,157	(5,157)	-	-
Nurse income	-	54,983	(54,983)	-	-
School trips fund	-	40,943	(38,740)	(2,203)	-
Other educational income	-	43,251	(33,163)	-	10,088
Other restricted general funds	-	7,682	(3,028)	-	4,654
	<u>76,254</u>	<u>1,584,819</u>	<u>(1,483,448)</u>	<u>(3,369)</u>	<u>174,256</u>
Restricted Fixed Asset Funds					
Fixed assets used for charitable purposes	1,346,630	-	(75,978)	13,293	1,283,945
DfE/ESFA formula capital	-	8,246	(2,336)	(4,710)	1,200
Capital donations	-	8,583	-	(8,583)	-
ESFA condition improvement fund 1	591	-	(591)	-	-
ESFA condition improvement fund 2	66,729	-	(66,729)	-	-
ESFA condition improvement fund 3	-	81,991	(3,467)	2,000	80,524
Fencing & office safeguarding project	-	-	(1,945)	2,000	55
	<u>1,413,950</u>	<u>98,820</u>	<u>(151,046)</u>	<u>4,000</u>	<u>1,365,724</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(832,000)	-	(79,000)	65,000	(846,000)
Total Restricted Funds	658,204	1,683,639	(1,713,494)	65,631	693,980
Unrestricted Funds					
Unrestricted general funds	159,246	1,760	-	-	161,006
Unrestricted conversion surplus fund	27,207	-	-	-	27,207
Designated catering fund	-	49,781	(49,150)	(631)	-
Designated wraparound fund	11,023	68,885	(53,141)	-	26,767
Designated school fund	-	-	-	-	-
Total Unrestricted Funds	197,476	120,426	(102,291)	(631)	214,980
Total Funds	855,680	1,804,065	(1,815,785)	65,000	908,960

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of General Annual Grant (GAG) that it could carry forward at 31 August 2017.

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

General Annual Grant (GAG) fund

This represents the core funding for the educational activities of the school that has been provided to the academy via the Education and Skills Funding Agency (ESFA).

Pupil premium fund

This represents funding paid by the DfE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with more advantaged students.

Defined benefit pension scheme fund

This represents the deficit on the Local Government Pension Scheme (LGPS) at the year end. For details of the deficit payment plan see the pensions note.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**Local authority funded statements**

This represents funding from the Local Authority to pay for Learning Support Assistants who support the "statemented" special needs students.

Nursery income fund

This represents funding from the Local Authority to pay for a 30 place nursery for 3hrs every day.

Restricted school funds (including trips)

This relates to school trips and other activities.

Fixed assets used for charitable purposes

This represents the value and movements on Tangible Fixed Assets note.

DfE/ESFA formula capital fund

This represents funding from the ESFA to be used for capital projects.

ESFA condition improvement funds

This represents funding from the ESFA to be used for specific capital projects.

Designated catering

This fund relates to the provision of school meals and refreshments that are charged to pupils. The academy also receives Universal Income Free School Meals (UIFSM) income which goes to this designated fund.

Designated wraparound fund

This fund relates to the provision of wraparound clubs that are charged to pupils.

Funds in Deficit

Pension Reserve Fund - this fund represents the deficit on the Local Government Pension Scheme (LGPS) at the year end.

The Academy has entered into an agreement effective from 1 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 1 April 2017, including £23,500 for 2017/18, £24,000 in 2018/19 and £24,500 in 2019/20.

Analysis of academies by fund balance

Fund balance at 31 August 2017 were allocated as follows:

Fairfield Primary School	389,236
Central Services	-
Total before fixed assets and pension reserve	<u>389,236</u>
Restricted fixed asset fund	1,365,724
Pension reserve fund	<u>(846,000)</u>
Total	<u>908,960</u>

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching & Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding dep'n) £	2017 £	2016 £
Fairfield Primary School	1,094,980	218,987	32,933	392,907	1,739,807	1,918,662
Central Services	-	-	-	-	-	-
Academy Trust	<u>1,094,980</u>	<u>218,987</u>	<u>32,933</u>	<u>392,907</u>	<u>1,739,807</u>	<u>1,918,662</u>

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

19. Analysis of Net Assets Between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	1,283,945	1,283,945
Current assets	214,980	263,296	81,779	560,055
Current liabilities	-	(89,040)	-	(89,040)
Non-current liabilities				
Pension scheme liability	-	(846,000)	-	(846,000)
Total Net Assets	<u>214,980</u>	<u>(671,744)</u>	<u>1,365,724</u>	<u>908,960</u>

20. Commitments under operating leases

Operating Leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Assets other than land & buildings		
Amounts due within one year	963	1,633
Amounts due between one and five years	-	963
Amounts due after five years	-	-
	<u>963</u>	<u>2,596</u>

Land and property leases

The leasehold land and buildings are subject to a 125 year lease with Cumbria County Council. Although a peppercorn rent may be demanded, no such rent has been demanded to date.

21. Capital Commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	<u>80,524</u>	<u>67,320</u>
	<u>80,524</u>	<u>67,320</u>

The Academy entered into contracts relating to the following project:

Heating pipework replacement project

During the year the academy entered into a contract for the replacement of the old heating pipework in the two storey building. The academy was committed to a further cost of £80,524 at the year end. The capital element and repairs element is £Nil and £80,524 respectively.

22. 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 as stated in memorandum and articles of association for the debts and liabilities contracted before he/she ceases to be a member.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**23. Pension 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 Your Pension Service (YPS) for Cumbria County Council. 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 of the LGPS 31 March 2016.

Contributions payable to the schemes at 31 August and included in creditors were as follows:

	2017	16/07/15 to 31/08/16
	£	£
Teachers' Pension Scheme	11,496	12,752
Local Government Pension Scheme	8,115	7,735
	<u>19,611</u>	<u>20,487</u>

The total pension costs to the academy during the year ended 31 August and included in staff costs were as follows:

	2017	16/07/15 to 31/08/16
	£	£
Teachers' Pension Scheme	92,625	108,479
Local Government Pension Scheme	69,001	85,744
Local Government Pension Scheme deficit recovery	9,792	-
LGPS current service cost/contributions adjustment	60,000	9,000
	<u>231,418</u>	<u>203,223</u>

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.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

23. 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 TPS in the period amounted to £92,625 (2016: £108,479).

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August were as follows:

	2017	16/07/15 to 31/08/16
	£	£
Employer's contributions	78,793	85,744
Employees' contributions	20,958	23,746
Total contributions	<u>99,751</u>	<u>109,490</u>

The agreed contribution rates for future years are 15.2% for employers and 5.5% - 8.5% for employees.

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

At the balance sheet date the scheme is in deficit. The Academy has entered into an agreement effective from 1 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 1 April 2017, including £23,500 for 2017/18, £24,000 in 2018/19 and £24,500 in 2019/20.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

23. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The principal actuarial assumptions are:

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.70%	3.40%
Rate of increase for pensions in payment / inflation	2.20%	2.00%
Discount rate for scheme liabilities	2.50%	2.20%
Inflation assumption (CPI)	2.20%	1.90%

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

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

Sensitivity analysis

The table below, as produced by Mercer sets out the impact of a small change in assumptions on the defined benefit obligation.

	Deficit	At 31 August 2017 Change	Deficit	At 31 August 2016 Change
Discount rate + 0.1%	805,000	(41,000)	798,000	(34,000)
Mortality assumption - 1 year increase	874,000	28,000	855,000	23,000
CPI rate + 0.1%	888,000	42,000	868,000	36,000
Pay growth + 0.1%	859,000	13,000	848,000	16,000

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

23. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equity instruments		
Equities	363,000	245,000
Debt instruments		
Government bonds	135,000	95,000
Other bonds	47,000	36,000
Property	60,000	51,000
Cash/liquidity	40,000	15,000
Other	96,000	45,000
Total Market Value of Assets	741,000	487,000
Present value of scheme liabilities		
Funded	(1,587,000)	(1,319,000)
Unfunded	-	-
Surplus / (deficit) in the scheme	(846,000)	(832,000)

The actual return on the scheme assets in the year was £43,000 (2016: £58,000).

None of the fair values of the assets shown above include any of the academy's own financial instruments or any property occupied by, or other assets used by, the academy.

Amounts recognised in the statement of financial activities	2017 £	16/07/15 to 31/08/16 £
Current service cost (net of employee contributions)	(138,000)	(95,000)
Net interest cost	(17,000)	(15,000)
Administration expenses	(2,000)	(2,000)
Benefit changes	-	-
Gain/(loss) on curtailment	-	-
Gain/(loss) on settlement	-	-
Total operating charge	(157,000)	(112,000)
Other recognised gains and (losses)	2017 £	16/07/15 to 31/08/16 £
Remeasurements (liabilities)	(81,000)	(397,000)
Remeasurements (assets)	146,000	41,000
Total amount recognised in the SOFA	65,000	(356,000)

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

23. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Changes in the deficit in the year:	2017 £	2016 £
Deficit in scheme at beginning of period	832,000	-
Business combinations	-	450,000
Current service cost	138,000	95,000
Interest cost	29,000	31,000
Employer contributions	(78,000)	(86,000)
Actuarial (gain)/loss - Remeasurements	(65,000)	356,000
Administration expenses	2,000	2,000
Interest income	(12,000)	(16,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Deficit at 31 August 2017	846,000	832,000

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

	2017 £	2016 £
At beginning of period	(1,319,000)	-
Business combinations	-	(772,000)
Current service cost	(138,000)	(95,000)
Interest cost	(29,000)	(31,000)
Employee contributions	(21,000)	(24,000)
Actuarial gain/(loss) - Remeasurements	(81,000)	(397,000)
Benefits / transfers paid	1,000	-
Plan introductions, benefit changes, curtailments and settlements	-	-
Benefit obligation at 31 August 2017	(1,587,000)	(1,319,000)

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

	2017 £	2016 £
At beginning of period	487,000	-
Business combinations	-	322,000
Interest income	12,000	16,000
Administration expenses	(2,000)	(2,000)
Actuarial gain/(loss) - Remeasurements	146,000	41,000
Employer contributions	78,000	86,000
Employee contributions	21,000	24,000
Benefits / transfers paid	(1,000)	-
Plan introductions, benefit changes, curtailments and settlements	-	-
Scheme assets at 31 August 2017	741,000	487,000

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24. Related Party Transactions

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

The following related party transactions took place in the period of account:

The academy trust employed family members of the principal and other governors.

- The trust undertook proper recruitment procedures where necessary.
- The salaries paid were appropriate to the individual's skills and experience and the salary rates paid in accordance with the academy's pay scales.
- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2016

Related party transactions with staff governors are detailed in an earlier note.