

**Registered number: 08027879 (England and Wales)**

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

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

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

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

**Members**

JF Dean  
PM Irving  
VH Pace

**Trustees**

JF Dean, Chair<sup>1,2,3</sup>  
A Dixon, Executive Headteacher and Accounting Officer<sup>1,2,3</sup>  
PM Irving<sup>1,2,3</sup>  
VE Johnson, Deputy Headteacher and Staff Trustee<sup>2</sup>  
V Johnston (appointed 11 July 2016)  
DW Owen<sup>2</sup>  
VH Pace, Vice Chair<sup>1,2</sup>  
WG Paton<sup>1,3</sup>  
C Pearson (resigned 25 April 2016)<sup>1</sup>  
KS Roberts<sup>2</sup>  
AM Savage, Staff Trustee  
C Shaw (appointed 16 November 2015)  
C Smithurst, Associate Trustee<sup>3</sup>  
MJ True, Staff Trustee<sup>2</sup>

<sup>1</sup> Audit, Finance and General Purposes Committee

<sup>2</sup> Curriculum & Wellbeing Committee

<sup>3</sup> Health & Safety Committee

**Company registered number**

08027879

**Company name**

Firthmoor Primary School

**Principal and registered office**

Ingleby Moor Crescent  
Darlington  
Co Durham  
DL1 4RW

**Company secretary**

J Brooks

**Senior leadership team**

A Dixon\*, Executive Headteacher  
D Murray\*, Assistant Headteacher  
V Johnson\*, Deputy Headteacher  
J Brooks, Academy Business Manager

\* key management personnel

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Independent auditors**

Clive Owen LLP  
Chartered Accountants  
Statutory Auditors  
140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

**Bankers**

Lloyds Bank  
21-23A Northgate  
Darlington  
Co Durham  
DL1 1TL

**Solicitors**

Bond Dickinson LLP  
St Ann's Wharf  
112 Quayside  
Newcastle upon Tyne  
NE1 3DX

**FIRTHMOOR PRIMARY SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

The trust operates an academy for pupils aged 3 to 11 serving a catchment area in Darlington. It has a pupil capacity of 354 and had a roll of 316 in the school census on 23 May 2016.

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national.

The main objectives of the academy during the year ended 31 August 2016 are summarised below:

- 1) Continue to improve quality of learning and teaching - high quality delivery, marking and feedback and focus intervention to ensure high attainment and progress
- 2) Raise standards in Maths across the school – develop secure knowledge of basic skills in wide range of applications and ensure good progress of FSM pupils at EYFS/KS1/KS2. To ensure the more able pupils attain higher levels
- 3) Raise standards and attainment in Reading and phonic knowledge across the school – develop reading comprehension and ensure good progress of FSM pupils at EYFS/KS1/KS2.
- 4) To raise standards of focus groups in Writing – narrow the gap between FSM and Non-FSM pupils and develop pupil vocabulary to enhance writing.

**Objectives, strategies and activities**

The principal object and activity of the charitable company is the operation of Firthmoor Primary School to provide education for students of different abilities between the ages of 3 and 11. The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for all students. The academy's main objectives are encompassed in its mission statement and values which are as follows:

At Firthmoor Primary School, we are dedicated to providing the very best care and education for all our children. We want our school to be a happy, inclusive and successful community. Within a safe, positive and supportive environment, our children are encouraged to take responsibility for their own health and well-being.

We promote a love of learning, which encourages our children to aim high and become valuable members of society and pride ourselves on being a school at the heart of the Firthmoor Community, involving pupils, parents and the wider community in our achievements.

The main objectives of the academy are summarised below:

- To promote the development of all children, ensuring learning opportunities and programmes are in place or children to make good progress;
- To encourage children to grow and develop their potential by allocating resources, enabling them to fully participate in the life of the school;
- To raise the standard of educational achievement of all students;
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements; and
- To conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

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

**Objectives, strategies and activities (continued)**

We achieve these aims by:

- Providing tuition and learning opportunities for all students to attain appropriate academic and vocational qualifications;
- Offering a broad and balanced curriculum that promotes equal opportunities for all the children within our school;
- Engage with partner agencies in developing appropriate provision and supportive strategies;
- Encourage pupils to develop their own independence and individuality by exploring their strengths and limitations;
- Providing training opportunities for all staff;
- Creating and maintaining strong links with community groups and external stakeholders; and
- Provide a programme of cultural and spiritual activities to ensure that students have the widest possible life experience at school and learn respect for other races, religions and social groups.

**Public benefit**

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the trustees have considered this guidance in deciding what activities the academy should undertake.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

**Key performance indicators**

In end of Key Stage assessments the academy performed as follows:

**KS1 - pupils achieving expected level**

	Firthmoor	National
Reading	68%	74%
Writing	61%	65%
Maths	68%	73%
RWM	57%	60%

**KS2 – pupils achieving expected level**

Reading	58%	66%
Writing	83%	74%
Maths	98%	70%
GPS	83%	72%
RWM	58%	53%

Pupils in receipt of Pupil Premium performed better than all pupils nationally for Writing, Maths and GPS.

National progress targets were exceeded with progress measures in Reading, Writing and Maths significantly above national average.

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

**STRATEGIC REPORT (continued)**

**ACHIEVEMENTS AND PERFORMANCE (continued)**

**Key performance indicators**

To ensure that standards continue to rise the academy is focused on further improving the quality of teaching and learning. New members of staff are given an intensive programme of support to ensure that they fully understand and are following school systems. Individual pupil progress and attainment is rigorously tracked, providing targeted interventions to ensure good progress for all pupils. A programme of lesson observations and work scrutinises, combined with intensive staff development, is planned to ensure maximum impact on pupil progress.

**Key Performance Indicators**

- External School Improvement Partner Reports
- Pupil attainment
- Overall Attendance at 96%
- Quality of Teaching
- Overall Ofsted Judgement as Good

**Assessment of performance against KPI's**

- Reports from our School Improvement Partners, Edupedia and the LA, highlight that the school has made good progress against the objectives within the School Development Plan.
- The Ofsted Inspection Dashboard notes key strengths in pupil attainment with no identified weaknesses.
- School records show that attendance is in line with National Average
- Lesson observations and work scrutinies evidence that teaching is at least good with many outstanding features

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

**FINANCIAL REVIEW**

**Review of activities**

Most of the academy's income is obtained from the Department of Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/EFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £1,733,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £44,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2016 the net book value of fixed assets was £2,426,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £820,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2016 of £2,138,000 comprising £1,918,000 of restricted funds and £220,000 of unrestricted funds.

**Going concern**

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



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

**FINANCIAL REVIEW (continued)**

**Principal risks and uncertainties**

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

The trustees have assessed the major risks, to which the academy is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

**Reserves policy**

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- to provide funds which can be designated to specific areas such as improving facilities;
- to cover costs of any unplanned repairs and maintenance that may be required;
- to provide cost for staff sickness and absences cover.
- To cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by the trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £159,000.

This is considered sufficient to cover

- replacement leadership, teaching and support time to cover staff absence;
- curriculum resources if departments require additional support;
- capital expenditure when projects are identified.

The academy's current level of free reserves are in surplus by £220,000 and are considered to be at the desired level.

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

**Investment policy**

Firthmoor Primary School aims to manage its cash balances to provide for the day-to-day requirement of its operations while protecting the real long-term value of any surplus cash balances against inflation. In addition the school aims to invest surplus cash funds to optimise returns, but ensure that the investments are such that there is no risk to the loss of these cash funds.

It is recognised that most funds will be held within the school current accounts, which are interest bearing. However where the cash flow identifies a base level of cash funds that will be surplus to requirements; these may be invested in an interest bearing account with one of the recognised high street banks.

The academy invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the academy trust. The trustees of Firthmoor Primary School are also the directors of the charitable company for the purpose of company law. The charitable company is known as Firthmoor Primary School.

Details of the trustees who served during the year are included in the Reference and administrative details on page 1.

**Members' liability**

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

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

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

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

Trustees are appointed under the rules contained within the academy's Memorandum and Articles of Association and membership of the board of trustees is in accordance with the structure contained within it. Up to 12 trustees may be appointed. The members may appoint staff trustees through any process as they may determine, provided that the total number of trustees (including the Executive Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of trustees.

- The Executive Headteacher shall be treated for all purposes as being an ex officio Trustee.
- The Local Authority may appoint the Local Authority Trustee.

The parent trustees shall be elected by parents of registered pupils at the academy. A parent trustee must be a parent of a pupil at the academy at the time when they are elected. If the number of parents standing for election is less than the number of vacancies, then the board of trustees can appoint them.

The term of office for any trustee shall be 4 years, save that this time limit shall not apply to the Executive Headteacher or any post held ex officio. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected. The governors may appoint up to 3 co-opted trustees. The trustees may not co-opt an employee of the academy trust as a co-opted trustee if thereby the number of trustees who are employees of the Trust would exceed one third of the total number of trustees.

The Secretary of State may appoint additional trustees as he sees fit if he has given the trustees a warning notice, and the trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

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

The training and induction provided for new trustees depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters and is accessed via the governance support service level agreement. All new trustees are given a tour of the academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only one or two trustees a year, induction tends to be done informally and is tailored specifically to the individual.

**Pay policy for key management personnel**

In this school all teaching staff are employed in accordance with the provisions of the School Teachers Pay and Conditions Document. Pay arrangements are agreed by the Governing Body, using the flexibilities contained within the STP&C Document. The Governing Body consider any recommended future uplift to the national framework and decide annually on whether or not these should be applied to the pay ranges.

The Governing Body assign a seven point Individual School Range for Headteachers and a five point pay range for other leadership posts, based on the school group size and any permanent additional relevant factors as determined within the framework of the School teachers' Pay and Conditions document. These additional factors will relate to the school context and challenge, and the wider accountability of the headteacher and key management personnel.

Other than in exceptional circumstances, the Individual School Range will not exceed 25% of the maximum of the school group size. The Governing Body ensure that other than in exceptional circumstances, there is no overlap of salary bands between the Headteacher and other leadership posts.

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

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Organisational structure**

During the year the academy continued to operate a unified management structure. The Structure consists of 3 levels: the trustees, the Senior Leadership team and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The management structure consists of:

- The trustees
- The Senior Leadership Team (1 Executive Headteacher, 1 Deputy Headteacher, 1 Assistant Headteacher and the Academy Business Manager)
- The Leadership Team (1 SENCO, 1 Curriculum Leader and 1 Inclusion Officer)

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments. Much of the detailed work of trustees is completed by the sub committees. The Senior Leadership Team controls the academy at an executive level, implementing policy and reporting to trustees. The Executive Headteacher, trustees and senior staff are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Leadership Team always contain a trustee.

**Connected organisations, including related party relationships**

Firthmoor Primary School is a standalone academy and not part of a Multi Academy Trust. There are no connected organisations which have been identified.

Related party transactions are disclosed under in note 24.

**Trustees' indemnities**

The academy has purchased insurance to protect trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

**PLANS FOR FUTURE PERIODS**

**Future developments**

The academy will be looking at directing reserves towards:

- Providing pupils with life experiences to increase curriculum knowledge.
- One to One and small group intervention for focus pupils in Literacy and Maths.
- Access to a speech and language technician for identified pupils in EY/KS1.
- Ensuring high levels of pupil and staff wellbeing.
- Enhancement of outdoor space.

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

**DISCLOSURE OF INFORMATION TO AUDITORS**

Insofar as the trustee are aware:

- there is no relevant audit information of which the academy's auditors are unaware
- 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.

This report was approved by order of the board of trustees as the company directors, on 1 December 2016 and signed on its behalf by:



**JF Dean**  
**Chair of Trustees**

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

**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

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

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
JF Dean, Chair	3	3
A Dixon, Executive Headteacher and Accounting Officer	3	3
PM Irving	2	3
VE Johnson, Deputy Headteacher and Staff Trustee	3	3
V Johnston	0	0
DW Owen	3	3
VH Pace	3	3
WG Paton	2	3
C Pearson	1	2
KS Roberts	3	3
AM Savage, Staff Trustee	3	3
C Shaw	2	3
C Smithurst	3	3
MJ True	3	3

The Audit, Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to ensure the school has strategic plans in place to deliver effective teaching and learning within the school budget.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
JF Dean	3	3
A Dixon, Headteacher and Accounting Officer	3	3
PM Irving	2	3
VH Pace	3	3
W Paton	2	3
C Pearson	1	2

**FIRTHMOOR PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

**Review of Value for money**

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

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

**Improving Educational Results**

Our resources are directed where they will be the most effective in meeting educational requirements, for example:

- Robust tracking systems to record and monitor all aspects of pupil data including progress.
- Continue to monitor staffing levels and deploy staff efficiently to support the curriculum and areas of development.
- Provide a programme of lesson observations and work scrutinies combined with intensive staff development to ensure pupil progress.
- Funding is allocated to optimal effect, for example, providing targeted support and interventions for pupils such as small group tuition, individual pupil support, after school clubs and additional curricular activities.
- Working collaboratively with other schools, sharing good practice to improve CPD and improve standards
- Implement strategies to improve attendance and end of key stage results.
- Provide increased pastoral and speech and language support for identified pupils.

**Financial Governance and Oversight**

Financial governance arrangements include regular monitoring by the board of trustees and the Finance, Audit and General Purposes Committee. This includes;

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports reviewed and agreed by the governing body.
- Regular monitoring review of reports and data sources within governing body meetings, monitoring the impact of activities and funding streams, such as Pupil Premium.
- Regular reviews by the Finance, Audit and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Robust finance procedures and regular policy reviews ensure the school is operating within the regulations of the Academies Handbook.
- Comprehensive audit checks, monitoring and reporting on the academy's financial procedures and performance.
- Reviewing appropriate financial benchmarking data, in order to compare the schools financial performance with other similar schools.

**Better Purchasing**

- Spending proposals are priced and presented to governors, challenged appropriately and recorded in minutes.
- Contracts and service level agreements are reviewed regularly to ensure the service remains suitable for the needs of the academy and Tenders / Quotations are obtained where appropriate to ensure value for money.
- Continue to work with forum groups and other education providers to improve sharing of good practice and joint procurement of services.

**Reviewing controls and managing risk**

- Cash flow forecasts are included within regular reports to identify and invest surplus cash balances and maximise bank interest.
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties are defined within policies and trustee meetings.
- Review of risk register is a standing agenda item for all committee meetings.

**FIRTHMOOR PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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

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

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the auditors report 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 auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.



**FIRTHMOOR PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

**Review of Effectiveness**

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 1 December 2016 and signed on their behalf, by:



**JF Dean**  
**Chair of Trustees**



**A Dixon**  
**Accounting Officer**

**FIRTHMOOR PRIMARY SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



**A Dixon**  
**Accounting Officer**

1 December 2016

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 1 December 2016 and signed on its behalf by:

  
**JF Dean**  
**Chair of Trustees**

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FIRTHMOOR PRIMARY SCHOOL**

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

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

**Respective responsibilities of Trustees and auditors**

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

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

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

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

**Opinion on financial statements**

In our opinion the financial statements:

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

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

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

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FIRTHMOOR PRIMARY SCHOOL**

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

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

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



Kevin Shotton BA FCA (Senior statutory auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
Statutory Auditors

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT  
1 December 2016

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

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

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Firthmoor Primary School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Firthmoor Primary School's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Firthmoor Primary School's funding agreement with the Secretary of State for Education dated 1 May 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

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

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

**Approach (continued)**

The work undertaken to draw to our conclusion includes:

- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to trustees and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

**Conclusion**

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



**Clive Owen LLP**

Reporting Accountant

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

1 December 2016

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

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

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	3	-	7	10	7
Charitable activities	3	-	1,654	-	1,654	1,654
Other trading activities	4	32	-	-	32	34
Investments	5	3	-	-	3	1
<b>TOTAL INCOME</b>		<b>38</b>	<b>1,654</b>	<b>7</b>	<b>1,699</b>	<b>1,696</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		20	1,628	85	1,733	1,687
<b>TOTAL EXPENDITURE</b>	7	<b>20</b>	<b>1,628</b>	<b>85</b>	<b>1,733</b>	<b>1,687</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	16	18	26	(78)	(34)	9
		-	(1)	1	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>						
		18	25	(77)	(34)	9
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(432)	-	(432)	21
<b>NET MOVEMENT IN FUNDS</b>		<b>18</b>	<b>(407)</b>	<b>(77)</b>	<b>(466)</b>	<b>30</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		202	(101)	2,503	2,604	2,574
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>220</b>	<b>(508)</b>	<b>2,426</b>	<b>2,138</b>	<b>2,604</b>



**FIRTHMOOR PRIMARY SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08027879**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£000	2016 £000	2015 £000
<b>FIXED ASSETS</b>				
Tangible assets	12		2,426	2,503
<b>CURRENT ASSETS</b>				
Stocks	13	4	3	
Debtors	14	68	94	
Cash at bank and in hand		593	539	
		<u>665</u>	<u>636</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	(133)	(168)	
<b>NET CURRENT ASSETS</b>			<u>532</u>	<u>468</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,958</u>	<u>2,971</u>
Defined benefit pension scheme liability	22		(820)	(367)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>2,138</u></u>	<u><u>2,604</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Restricted funds	16	312	266	
Restricted fixed asset funds	16	2,426	2,503	
Restricted funds excluding pension liability		<u>2,738</u>	<u>2,769</u>	
Pension reserve		(820)	(367)	
Total restricted funds			<u>1,918</u>	<u>2,402</u>
Unrestricted funds	16		<u>220</u>	<u>202</u>
<b>TOTAL FUNDS</b>			<u><u>2,138</u></u>	<u><u>2,604</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 1 December 2016 and are signed on their behalf, by:

**JF Dean**  
**Chair of Trustees**

The notes on pages 25 to 44 form part of these financial statements.

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

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

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	<u>52</u>	<u>65</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		3	1
Purchase of tangible fixed assets		(8)	(84)
Capital grants from DfE/EFA		<u>7</u>	<u>7</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>2</u>	<u>(76)</u>
<b>Change in cash and cash equivalents in the year</b>		54	(11)
Cash and cash equivalents brought forward		<u>539</u>	<u>550</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>593</u></u>	<u><u>539</u></u>

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

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

**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

Firthmoor Primary School constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

**1.2 FUND ACCOUNTING**

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

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

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

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

**1.4 EXPENDITURE**

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

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

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

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £500 are capitalised.

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

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 incorporating income and expenditure account.

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

Long-term leasehold property	-	50 years
Fixtures and fittings	-	7 years
Computer equipment	-	3 years

**1.7 INTEREST RECEIVABLE**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

**1.8 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 DEBTORS**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 CASH AT BANK AND IN HAND**

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

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.11 LIABILITIES AND PROVISIONS**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 FINANCIAL INSTRUMENTS**

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.13 TAXATION**

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

**1.14 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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.

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions (continued)**

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

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

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

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

**Depreciation** - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £85,000.

**Buildings** - Buildings are held under a 125 year lease from Darlington Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

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

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

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Donations	3	-	-	3	-
Capital Grants	-	-	7	7	7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	3	-	7	10	7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £7,000 was to restricted fixed asset funds

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

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,275	1,275	1,283
Pupil Premium	-	234	234	238
Other DfE/EFA Grants	-	47	47	46
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,556	1,556	1,567
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Government Grants</b>				
Other Government Grants	-	98	98	87
	<hr/>	<hr/>	<hr/>	<hr/>
	-	98	98	87
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,654	1,654	1,654
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,654,000 was to restricted funds.



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

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

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry income	13	-	13	12
Catering	19	-	19	22
	<u>32</u>	<u>-</u>	<u>32</u>	<u>34</u>

In 2015, of the total income from other trading activities, £34,000 was to unrestricted funds and £ NIL was to restricted funds.

**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Bank interest	3	-	3	1
	<u>3</u>	<u>-</u>	<u>3</u>	<u>1</u>

In 2015, of the total investment income, £1,000 was to unrestricted funds and £ NIL was to restricted funds.

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**6. CHARITABLE ACTIVITIES**

	2016 £000	2015 £000
<b>DIRECT COSTS</b>		
Wages and salaries	932	888
National insurance	68	56
Pension cost	139	118
Educational supplies	38	58
Staff development	5	3
Technology costs	7	8
Other direct costs	10	19
	<hr/> 1,199	<hr/> 1,150
<b>SUPPORT COSTS</b>		
Wages and salaries	71	60
National insurance	5	3
Pension costs	19	18
Depreciation	85	72
Net interest cost on pension scheme	13	12
Technology costs	8	8
Maintenance of premises and equipment	39	37
Cleaning	19	51
Rates	13	14
Energy	22	21
Insurance	10	20
Transport	7	4
Catering	78	77
Occupancy costs	1	1
Other support costs	133	128
Governance costs	11	11
	<hr/> 534	<hr/> 537
	<hr/>	<hr/>
	<hr/> 1,733	<hr/> 1,687
	<hr/>	<hr/>

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**7. EXPENDITURE**

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Academy's educational activities:					
Direct costs	1,139	-	60	1,199	1,150
Support costs	95	174	265	534	537
	<u>1,234</u>	<u>174</u>	<u>325</u>	<u>1,733</u>	<u>1,687</u>

In 2016, of the total expenditure, £20,000 (2015 - £24,000) was to unrestricted funds and £1,713,000 (2015 - £1,663,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

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

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	85	72
Auditors' remuneration - audit	6	6
Auditors' remuneration - non-audit services	2	4
Operating lease rentals	<u>3</u>	<u>2</u>

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**9. STAFF COSTS**

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	928	873
Social security costs	73	59
Operating costs of defined benefit pension schemes	158	136
	<hr/>	<hr/>
	1,159	1,068
Supply staff costs	75	75
	<hr/>	<hr/>
	1,234	1,143
	<hr/> <hr/>	<hr/> <hr/>

Included in operating costs of defined benefit pension schemes is a debit of £8,000 relating to the pension deficit actuarial adjustment, and a £9,000 lump sum contribution.

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

	2016 No.	2015 No.
Teachers	16	12
Teaching support	17	18
Administration	3	3
Management	3	2
	<hr/>	<hr/>
	39	35
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1

The above employee participated in the Teachers Pension Scheme. During the year ended 31 August 2016 pension contributions for this member of staff amounted to £11,000 (2015: £9,000).

The key management personnel of the academy trust comprise the trustees, the Executive Headteacher and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their service to the academy trust was £190,000 (2015: £181,000).

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**10. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 4 Trustees (2015 - 4) in respect of defined contribution pension schemes.

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 other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2016 £000	2015 £000
A Dixon (Executive Headteacher and Staff Trustee)	Remuneration	65-70	60-65
	Pension contributions paid	10-15	5-10
V Johnson (Staff Trustee)	Remuneration	50-55	45-50
	Pension contributions paid	5-10	5-10
M True (Staff Trustee)	Remuneration	35-40	35-40
	Pension contributions paid	5-10	0-5
A Savage (Staff Trustee)	Remuneration	20-25	15-20
C Smithurst (Parent Trustee)	Remuneration	5-10	5-10
	Pension contributions paid	0-5	0-5

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

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

**11. TRUSTEES' AND OFFICERS' INSURANCE**

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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**12. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>COST</b>				
At 1 September 2015	2,506	161	57	2,724
Additions	-	5	3	8
At 31 August 2016	2,506	166	60	2,732
<b>DEPRECIATION</b>				
At 1 September 2015	167	21	33	221
Charge for the year	50	23	12	85
At 31 August 2016	217	44	45	306
<b>NET BOOK VALUE</b>				
At 31 August 2016	2,289	122	15	2,426
At 31 August 2015	2,339	140	24	2,503

**13. STOCKS**

	2016 £000	2015 £000
Finished goods and goods for resale	4	3

**14. DEBTORS**

	2016 £000	2015 £000
VAT debtor	16	21
Prepayments and accrued income	52	73
	68	94

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

	2016 £000	2015 £000
Trade creditors	20	72
Other taxation and social security	22	17
Other creditors	34	22
Accruals and deferred income	57	57
	133	168

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**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

	2016 £000	2015 £000
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2015	48	71
Resources deferred during the year	47	48
Amounts released from previous years	(48)	(71)
	<u>47</u>	<u>48</u>
Deferred income at 31 August 2016	<u>47</u>	<u>48</u>

At the balance sheet date the academy trust held funding received in advance in respect of nursery funding, IAR income, rates reclaims and UIFSM income.

**16. STATEMENT OF FUNDS**

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
<b>UNRESTRICTED FUNDS</b>						
General funds	202	38	(20)	-	-	220
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	266	1,275	(1,228)	(1)	-	312
Pupil Premium	-	234	(234)	-	-	-
Other DfE/EFA Grants	-	47	(47)	-	-	-
Other Government grants	-	98	(98)	-	-	-
Pension reserve	(367)	-	(21)	-	(432)	(820)
	<u>(101)</u>	<u>1,654</u>	<u>(1,628)</u>	<u>(1)</u>	<u>(432)</u>	<u>(508)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. STATEMENT OF FUNDS (continued)**

**RESTRICTED FIXED ASSET FUNDS**

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Inherited on conversion	2,315	-	(50)	6	-	2,271
DfE/EFA capital grants	71	7	(9)	(14)	-	55
Capital expenditure from GAG	117	-	(26)	9	-	100
	<u>2,503</u>	<u>7</u>	<u>(85)</u>	<u>1</u>	<u>-</u>	<u>2,426</u>
Total restricted funds	<u>2,402</u>	<u>1,661</u>	<u>(1,713)</u>	<u>-</u>	<u>(432)</u>	<u>1,918</u>
Total of funds	<u>2,604</u>	<u>1,699</u>	<u>(1,733)</u>	<u>-</u>	<u>(432)</u>	<u>2,138</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Other DfE/EFA grants and local authority grants include Pupil Premium, PE grants and UIFSM income.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds can be used for any purpose at the discretion of the academy.

Transfers have been made from GAG to fixed asset funds in relation to capital assets acquired through GAG.

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



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

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	2,426	2,426	2,503
Current assets	220	445	-	665	636
Creditors due within one year	-	(133)	-	(133)	(168)
Provisions for liabilities and charges	-	(820)	-	(820)	(367)
	<u>220</u>	<u>(508)</u>	<u>2,426</u>	<u>2,138</u>	<u>2,604</u>

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

	2016 £000	2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(34)	9
<b>Adjustment for:</b>		
Depreciation charges	85	72
Dividends, interest and rents from investments	(3)	(1)
Increase in stocks	(1)	(1)
Decrease/(increase) in debtors	26	(3)
Decrease in creditors	(35)	(29)
Capital grants from DfE and other capital income	(7)	(7)
Defined benefit pension scheme finance cost	21	25
<b>Net cash provided by operating activities</b>	<u>52</u>	<u>65</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £000	2015 £000
Cash in hand	593	539
<b>Total</b>	<u>593</u>	<u>539</u>

**20. NET FINANCE EXPENDITURE ON PENSION SCHEME**

	2016 £000	2015 £000
Expected return on pension scheme assets	28	25
Interest on pension scheme liabilities	(41)	(37)
	<u>(13)</u>	<u>(12)</u>

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**21. CAPITAL COMMITMENTS**

At 31 August 2016 the academy had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	8	-

**22. PENSION COMMITMENTS**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £34,000 were payable to the schemes at 31 August 2016 (2015: £16,000) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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**22. PENSION COMMITMENTS (continued)**

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

The employer's pension costs paid to TPS in the period amounted to £94,000 (2015 - £69,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £78,000 (2015 - £71,000), of which employer's contributions totalled £47,000 (2015 - £53,000) and employees' contributions totalled £15,000 (2015 - £18,000). The agreed contribution rates for future years are 15.2% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.50 %
Rate of increase for pensions in payment	1.90 %	2.00 %
Inflation assumption (CPI)	1.90 %	2.00 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2016	2015
Retiring today		
Males	22.7	22.6
Females	25.2	25.1
Retiring in 20 years		
Males	24.9	24.8
Females	27.5	27.4

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**22. PENSION COMMITMENTS (continued)**

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	385	342
Government bonds	286	197
Property	71	43
Corporate bonds	75	62
Cash	65	53
	<hr/>	<hr/>
Total market value of assets	882	697
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £125,000 (2015 - £(1,000)).

The amounts recognised in the Statement of Financial Activities incorporating income and expenditure account are as follows:

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(55)	(66)
Net interest cost	(13)	(12)
	<hr/>	<hr/>
Total	(68)	(78)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	125	(1)
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £000	2015 £000
Opening defined benefit obligation	1,064	992
Current service cost	55	66
Interest cost	41	37
Contributions by employees	15	18
Actuarial losses/(gains)	529	(47)
Benefits paid	(2)	(2)
	<hr/>	<hr/>
Closing defined benefit obligation	1,702	1,064
	<hr/> <hr/>	<hr/> <hr/>

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**22. PENSION COMMITMENTS (continued)**

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

	2016 £000	2015 £000
Opening fair value of scheme assets	697	629
Interest income	28	25
Actuarial gains and (losses)	97	(26)
Contributions by employer	47	53
Contributions by employees	15	18
Benefits paid	(2)	(2)
	<hr/>	<hr/>
Closing fair value of scheme assets	882	697
	<hr/>	<hr/>

**23. OPERATING LEASE COMMITMENTS**

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

	2016 £000	2015 £000
<b>AMOUNTS PAYABLE:</b>		
Within one year	2	2
Between one and five years	3	5
	<hr/>	<hr/>
Total	5	7
	<hr/>	<hr/>

**24. RELATED PARTY TRANSACTIONS**

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

VH Pace received £3,000 (2015 : £3,000) in respect of services provided for curriculum support for Modern Foreign Languages. VH Pace did not receive any payment from the Academy Trust in respect of her role as trustee.

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

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

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

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	<b>1 September 2014 £000</b>	<b>31 August 2015 £000</b>
Total funds under previous UK GAAP		2,574	2,604
Total funds reported under FRS 102		<u>2,574</u>	<u>2,604</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	<b>31 August 2015 £000</b>
Net income previously reported under UK GAAP		21
Change in recognition of LGPS interest cost	A	(12)
Actuarial gains/(losses) brought above the line	B	21
Net movement in funds reported under FRS 102		<u>30</u>

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

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

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £12,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.

**B Actuarial gains/(losses) brought above the line**

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.