

Registered number: 08674696 (England and Wales)

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited By Guarantee)

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**HALL ORCHARD BARROW CE PRIMARY ACADEMY
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

Leicester Diocesan Board of Education – Mrs C Lewis
Chair of Trustees – Mr P Browning
Chair of Curriculum Committee – Mr D Broadhead
Trustee responsible for Safeguarding - Mrs K Mills (until 20 September 2017)
Trustee responsible for Safeguarding – Mr T Boldrin
Mrs F Acton (Chair until 20 September 2017)

Trustees / Governors

Mr P Browning, Chair from (20 September 2017) (Vice-Chair until 20 September 2017)
Mr D Broadhead, Vice-Chair (from 20 September 2017)
Ms J McKay, Head Teacher and Accounting Officer
Mrs P Ranson
Mrs F Acton (Chair until 20 September 2017)
Mrs K Mills
Mrs V Bowman
Mrs A Earl
Mrs N Roodhouse (Staff Trustee)
Miss K Price (Staff Trustee)
Mr P Adcock
Mr T Boldrin
Mr K Smith

Company Secretary

Mr M Kennard

Clerk to Governors

Mrs K Grocock-Matts (until May 2017)
Mrs R Thompson (from June 2017)

Senior Management Team

Ms J McKay (Headteacher) / SENCO
Mrs N Roodhouse (Deputy Head)
Mr A Northcote-Smith (Deputy Head until July 2017)
Mr G Burdett, Assistant Head
Mr A Thurgood, Assistant Head

Company Name

Hall Orchard Barrow CE Primary School

Principal and registered office

Church Street
Barrow-Upon-Soar
Loughborough
Leicestershire
LE12 8HP

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Company registered number

08674696 (England & Wales)

Independent Auditor

MHA MacIntyre Hudson
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Responsible Officer role

Leicestershire County Council Internal Audit Service

Bankers

Natwest Bank
Loughborough Branch
Market Street
Loughborough
Leicestershire
LE11 3NZ

Solicitors

Walker Morris LLP
Kings Court
12 King Street
Leeds
LS1 2HL

**HALL ORCHARD BARROW CE PRIMARY ACADEMY
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and Auditor's Report of the charitable company, Hall Orchard Barrow CE Primary School (the Academy) for the year ended 31 August 2017. The annual report serves the purposes of both a Trustee's Report and a Director's Report under company law.

The Trust operates an Academy for pupils aged 4 to 11, serving a catchment area in and around the village of Barrow upon Soar. It currently has a pupil capacity of 525 and had a roll of 494 in the school census in January 2017.

Trustees confirm that the annual report and financial statements of the Academy comply with current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Hall Orchard CE Primary Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Hall Orchard CE Primary Academy and was incorporated by a Memorandum of Association on 3 September 2013. The Academy has exempt charity status and its principal regulator is the Department for Education (DfE).

The charitable company's memorandum and articles of association are the primary governing documents of the Academy and determine the number and manner of appointment of members, and the composition of the Board of Trustees.

The Academy governance structure is as follows:

The Members of the Academy Trust shall comprise:

- The signatories to the Memorandum;
- the Diocese of Leicester Educational Trust (Company No. 07773846) as the corporate Foundation Member);
- the Chair of the Trustees;
- the Chair of the Curriculum and Strategy Committee; and
- the Chair of the Health and Safety, Safeguarding and Premises Committee.

The following stipulates the structure of the Board of Trustees for the Academy:

- The number of Trustees will be at least three (3) and not more than fourteen (14); and
- All Trustees shall upon their appointment give a written undertaking to the Foundation Members or/and the Trustees to uphold the Object of the Academy Trust.

Subject to Articles 48 and 49, the Academy Trust shall have the following Trustees:

- Up to 6 Trustees, appointed under Article 50;
- A minimum of 3 Foundation Trustees, appointed and/or holding office further to Article 51;
- 2 Parent Trustees appointed under Articles 53-58;
- The Headteacher; and
- The Academy Trust may also have two Co-opted Trustees appointed under Article 59.

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The term of office for the members and Trustees is four years.

Details of the Trustees who served throughout the year are included in the Reference and Administrative details on page 1.

Members Liability

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

Trustees' Indemnities

Since the conversion to Academy status on 1 October 2013, the Trustees (Governors) have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. The limit of indemnity cover is £3,000,000 (three million pounds) in this respect.

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £588.

Method of Recruitment and Appointment or Election of Trustees

The method of appointing Trustees is described in the Articles of Association, articles 45-65.

Election of Parent Trustees

When a vacancy occurs for a parent Trustees a letter is sent out to all parents asking for nominations, and providing information about the role, the specific skills, the responsibilities and the level of commitment that will be expected from the successful candidate. Should there be more interest in the vacancy than the number available then a ballot will be held. The interested party will be asked to write a short personal statement including the qualities, knowledge, skills and experience that makes them suitable for the role, and ballot papers will be circulated to all parents. These ballot papers will be returned to school in a sealed envelope. At least two individuals from the Board of Trustees and/or administration staff will then count the votes and the candidate with the highest number will be duly elected and join the Board of Trustees.

Recruitment of Other Trustees

Individuals with a particular expertise may be invited to join the Board of Trustees, for example Health and Safety or Finance, or suggested for nomination by the Diocese. When a co-opted vacancy arises and Trustees need to identify candidates with the requisite skills and/or knowledge and experience for appointment, the vacancy will be advertised locally and/or suitable potential candidates will be invited to apply for the post, including attending an interview with at least two Trustees, who will then propose to the Board of Trustees the appointment of the most suitable candidate(s).

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Policies and Procedures Adopted for the Induction and Training of Trustees

New Trustees will undergo an induction procedure, including a welcome pack from Leicestershire Trustees Development Services, and they will also be directed to information and documents about the Academy. This includes the structure and organisation of the Academy, the School Development Plan, latest Ofsted report and minutes of previous meetings. The new Trustees will also be invited to visit the school to meet the Headteacher, staff and pupils. New Trustees are provided with access to the online Trustees portal which contains policies and

important documents that are updated regularly. New Trustees are strongly encouraged to undergo appropriate induction training provided by the Governor Development Service.

Existing Trustees training needs are met through external and in-house training and, as part of an annual training programme agreed by the Board of Trustees and co-ordinated by a designated Trustee. All Trustees have access to the Leicestershire Governor Development Service website and training programme, which provides support, advice and training information, as well as the GEL online training modules.

Organisational Structure

The Board of Trustees agrees a Scheme of Delegation as well as a Decision Planner, reviewed annually, which details at what level and by whom each type of decision can be taken. The full Board of Trustees holds at least one meeting per term, and has delegated authority to the following sub-committees and individual Trustees:

- Finance, Personnel, Pay and Premises Committee;
- Curriculum Development and Strategy Committee;
- Head Teacher Performance Review Committee;
- Health and Safety Trustee;
- Safeguarding Trustee;
- SEND Trustee;
- RE and Collective Worship Trustee;
- Vulnerable Groups Trustee; and
- Link Training Trustee.

Each sub-committee and Trustee responsibility has been documented and agreed Terms of Reference which detail the level of devolved authority from the Board of Trustees. These, together with the membership of each sub-committee and other Trustee responsibilities, are reviewed and updated annually. The Chair of each sub-committee and designated Trustees reports back to the Board of Trustees at the full Board of Trustees meeting following each sub-committee meeting or monitoring visit.

The Trustees are responsible for setting general policy, adopting an annual development plan, and monitoring the Academy performance and making major decisions about the strategic direction of the Academy and its staffing. The Board of Trustees is responsible for budget monitoring and for final decisions on budget administration, allocation and capital expenditure.

The day-to-day management of the Academy is delegated to the Headteacher. The Headteacher directs the Senior Leadership Team which consists of a Deputy Headteacher and two Assistant Headteachers and the Senior Leadership Team takes responsibility for creation of the School Development Plan.

The Headteacher who remains the responsible Accounting Officer has delegated the management and administration of the budget to the School Bursar, who is also the Company Secretary. The Clerk to Trustees is managed by the Chair of Trustees. The Clerk has access to regular training.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Board of Trustees agrees a pay policy on an annual basis, including the pay of senior leaders and key management personnel. The policy is developed so that it complies with current legislation and the requirements of the current *School Teachers Pay and Conditions Document*, and has been consulted on with the staff and recognised trade unions. The policy aims to maintain and improve the quality of teaching and learning at the school, support the school development plan, ensure that all staff are valued and appropriately rewarded for their work, ensure staff are well motivated, supported by positive recruitment and retention policies and staff development, demonstrate that decisions on pay are fair and equitable, and recognise the principle of equal pay for like work and work of equal value. The policy aims to ensure that all pay decisions are linked to individual staff performance, based on pupil outcomes. Following an annual individual staff appraisal process, all pay recommendations are made to the Finance Committee and decisions are made in line with the School's pay policy. A panel of Trustees appraises the Headteacher and makes any appropriate pay recommendations. There is a separate pay range for the Leadership group linked to pay levels recommended by the Local Authority.

Related Parties and Other Connected Charities and Organisations

During the year ended 31 August 2017 there was the following connected organisations:

Hall Orchard Extended Services Limited (no longer trading).

OBJECTIVES AND ACTIVITIES

a) Objects and Aims

The Academy Trust's object is specifically restricted to the following: to advance for public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The Academy's vision, on which the School's five-year Strategic Plan and the School Development Plan, and associated spending decisions are based is 'To be an excellent school, where all children achieve the best possible learning outcomes, and develop the personal values and skills to make a strong contribution to the community they live in. Our aim is to drive our school to 'Outstanding'.

b) Strategies

To support the aim of offering 'a broad and balanced curriculum', and the school's specific vision, the *School Development Plan* has identified the following areas of priority and the strategies for achieving them for 2017-2018, together with specific success criteria for measuring these achievements:

- To raise attainment and progress in Mathematics across the school;
- To consolidate the implementation of Language and Literacy RWInc. Spelling scheme; to raise attainment and accelerate progress in GAPS, reading and writing;
- To raise attainment across the curriculum;
- To develop and implement a programme to support character education for all pupils; and
- To develop the provision to support school growth.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The focus for these priorities will be Vulnerable Groups, notably:

- More able;
- Pupil Premium; and
- SEND.

Public Benefit

Hall Orchard Barrow CE Primary Academy is approved by the Department for Education (DfE) and funded wholly by the Education Skills and Funding Agency (ESFA) to further the education of pupils admitted under the requirements set by the ESFA funding agreement with the admission of pupils without fee. Parents are able to apply for their children to be admitted.

The Trustees confirm that in exercising their powers or duties they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission (on their website at Charities and Public Benefit). Trustees are aware of the guidance, they have taken it into account when making any decision to which the guidance is relevant and if they decide to depart from the guidance, they have good reasons for doing so.

STRATEGIC REPORT

Achievements and Performance

Foundation Stage Outcomes

The progress of pupils in the Foundation Stage is in line with national averages. Our Good level of Development was 65%. Total point score 33.3 (supporting measure).

Key Stage 1 Outcomes

Phonics development at Hall Orchard is outstanding as evidenced by 93% of pupils passing the Phonic Screening Check.

Yr 2 Attainment 2016

Subject	% of pupils who achieved the required standard	National %
Reading Teacher Assessment	83%	76%
Writing Teacher Assessment	79%	68%
Maths Teacher Assessment	82%	75%

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**TRUSTEES' REPORT (continued)
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Key Stage 2 Outcomes

Subject	% of pupils who achieved the required standard	National %
Writing Teacher Assessment	86%	76%
SATS Tests*		
Reading Test	82%	71%
GAPS Test	88%	77%
Maths Test	80%	75%
Reading, writing and maths combined	76%	61%

Attendance for 2016/17 was 96%.

Achievements 2016/17

We were delighted to see improved achievement in Mathematics across the school. Success in phonics, reading, writing, grammar and spelling has secured improvements across all key stages.

The Trustees and staff remain committed to providing a broad and balanced curriculum in line with the new National Curriculum.

The school has significantly enhanced its ICT capacity and effectiveness.

Our PE sports funding has been used effectively to increase provision and upskill staff.

We have improved teaching and learning, and leadership capacity through a high priority for CPD and resources, so that teaching is consistently Good and increasingly Outstanding. Leaders at all levels are demonstrating the impact of their leadership on pupil outcomes.

The school has implemented Primary Edge and further developed Forest Schools Education to promote character education.

Significant improvements have been made to the school site including reroofing of the school, new boilers, development of the extended services building, extension of the school hall, the Victorian area of the school has been completely redesigned, library and studio refurbished.

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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

FINANCIAL REVIEW

Full financial statements are included with this report. The statement will confirm that the principal sources of funding were as follows:

Restricted Income

General Annual Grant
Condition Improvement Fund for replacement of flat roofs
Pupil Premium
Universal Infant Free School Meals Grant
Sports Grant
Local Authority Early years funding for Pre-school
Local Authority Build Project

Unrestricted Income

Income generated by the Academy such as catering, extended schools, commission and lettings.

During the year, funds have been allocated to the development of the school site, in particular completing the extension to the school hall and a complete replacement of all the school's flat roofs. Resources have been purchased to continue to enhance educational provision and funds allocated to provide appropriate staffing levels as numbers increase.

Financial Policies

The principal financial policies adopted for the year were:

- Finance Policy;
- Scheme of Delegation;
- Day-to-Day Procedures;
- Value for Money Statement;
- Management of Conflicts of Interest and Connected Party Relationships Policy;
- Reserves and Investments Policy; and
- Risk Register and Risk Management Policy.

Pension Liability

As with all Academies the building and land value is described as an asset in the Academy's accounts and acts as an offset to the liabilities of the pension fund, in its current deficit position. It is also of note that the government has in effect said it will underwrite any pension liability becoming due of any Academy unable to meet its obligations, if for example an Academy was wound up.

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Reserves Policy

The Trustees have agreed a Reserves policy which is reviewed at least annually and Trustees review the reserve levels of the Academy as part of their regular monitoring of Academy finances. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments,

including future capital projects and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements.

At 31 August 2017 the total funds comprised:

Unrestricted		£170,000
Restricted:	Fixed asset funds	£3,690,000
	Pension reserve	(£743,000)
	Other	£95,000
		<u>£3,212,000</u>

Reserves are being allocated to ensure the effective running of the school through forthcoming years by maintaining appropriate staffing levels and resources through ongoing school growth, providing for ongoing development of educational provision and maintaining the school fabric in good working order.

Investment Policy

The purpose of the policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with the minimum risk. The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation and to ensure there is no risk of loss in the capital value of any cash funds invested. If there is a surplus of funds after all financial commitments have been considered, this surplus will be invested. The Academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is the minimum risk to the loss of these cash funds.

No investments were made during the financial year 2016 to 2017.

Principal Risks and Uncertainties

The Risk Register forms part of the Business Continuity Plan which indicates risks and uncertainties. There are no high-level risks at this present time. The most common risk is a fall in pupil numbers which would have a direct effect on the Academy's funding. We are in a fortunate position where we are full but with capacity to expand, and with an increasing number of pupils forecast for future years.

Risk Management

The Trustees have assessed the major risks to which the Academy is exposed, with guidance from the Academies Financial Handbook. Risks to the Academy fall into the following categories:

- Health and Safety – Regular inspections and risk assessments by a nominated member of staff or by external companies. Health and Safety is also monitored regularly by a designated Trustee;

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- Performance – Pupil performance is monitored by the Senior Leadership Team. All staff have performance appraisals and training opportunities are identified and tracked. Termly classroom observations take place by the Headteacher or other Senior Leaders. Trustees monitor pupil performance in line with the School Development Plan, and staff performance in line with the Performance Management/Appraisal policy;
- Financial – A Financial Policy, Scheme of Delegation and Day-to-Day Procedures are in place. Trustees meet to monitor finances on at least a termly basis and the Responsible Officer role has been undertaken by LCC Internal Audit. External Auditors have been appointed;
- Operational – Local Government Pension liability for which Tier one and two insurance is in place; and
- Strategic – External and political factors that change the education landscape. The Academy, through its senior staff and Trustees, monitor educational changes and development.

The Risk Register is reviewed at least once a term at a full Board of Trustees meeting.

PLANS FOR FUTURE PERIODS

The Academy has completed an extensive site development including the expansion of the school hall. This provides more space for curriculum use, collective worship and lunchtime provision. It has enabled the school to increase its Admission number from 60 to 75 from September 2016. Further site developments are planned which will allow the school to expand to meet the growing need for primary school places within the village. Funds will also be allocated as the pupil numbers increase to ensure adequate staffing for the future. Resources will continue to be allocated, as in the past, to meet the aims of the schools' *Strategic Plan* and *School Development Plan* as the best way of ensuring the Academy achieves its aims.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy holds no funds on behalf of others as a custodian Trustee.

AUDITOR

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13 December 2017 and signed on the Board's behalf by:

.....
P Browning
Chair of Trustee

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Hall Orchard Barrow CE 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 day-to-day responsibility to the Headteacher as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management, and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Headteacher is 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 Trustee's responsibilities statement.

The full Board of Trustees has formally met 4 times during the year (including the AGM). Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs F Acton	4	4
Mrs K Mills	4	4
Ms J McKay	4	4
Mrs P Ranson	0	4
Mr P Browning	4	4
Mrs V Bowman	4	4
Mrs A Earl	4	4
Mrs N Roodhouse	4	4
Miss K Price	4	4
Mr D Broadhead	4	4
Mr P Adcock	0	4
Mr T Boldrin	4	4
Mr K Smith	4	4

There were no changes to the membership of the Board of Trustees.

The Finance, Personnel, Pay and Premises Committee is a subcommittee of the Board of Trustees. Its purpose is to propose the annual budget to the Board of Trustees, to monitor the financial activities of the Academy and make decisions relating to finance.

The Committee met 4 times during the year. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Earl, Chair	4	4
Mrs F Acton	4	4
Ms J McKay (Headteacher and Accounting Officer)	4	4
Mr P Adcock	0	4
Mr T Boldrin	3	4
MR K Smith	2	2

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Mrs A Earl, who is a qualified accountant, is the Chair of the Committee. The Committee managed the completion of an extensive site development programme including the hall extension. A new bursar and Chief Financial Officer was appointed. The internal monitoring role was contracted to the Local Authority after the resignation of the Responsible Officer.

The Trustees have considered the quality of the data they receive and consider it to be adequate for the purposes of overseeing the work of the Academy. Their assessment has been made having regard to externally validated data, which is consistent with that received from within the Academy and data provided by the work of the internal and external auditors.

Action Taken to Review and Improve Governance Structure and Composition of Board of Trustees

Trustees are asked, before they are appointed or elected, to consider - in the light of the responsibilities of the role - their ability to take on the role, and undertake the necessary commitment. They are asked to sign a declaration of commitment and code of conduct in advance of becoming Academy Trustees.

The Board of Trustees has engaged and will continue to engage in a whole body formal self-evaluation process (using the GSET tool) to undertake an annual self-evaluation to identify contribution and impact during the year, and areas for development. A discussion of the main areas is undertaken and followed up with an action plan which is monitored mid-way through the year. Actions are included in the School Development Plan where appropriate.

The Board of Trustees also undertakes an annual skills audit as part of the Trustee performance management process. The findings of this are discussed informally by Committee Chairs, the Chair and Vice Chair and formally by the full Board of Trustees. The audit informs training needs and succession planning, and it is used to identify any areas where the Board of Trustees would benefit from recruiting additional members with specific skills sets. There were no additional appointments made. The Finance Committee also carries out a specific financial self-assessment/audit which informs training and skills needs.

In addition, the Board of Trustees undertakes a peer review performance management process which involves a self-assessment of performance including attendance, training, contribution in meetings, areas for development and succession planning. The Chair, Vice Chair and Chairs of Committees undertake a 360° peer review before the performance management session to allow Chairs to take part in discussions with individual Trustees. In addition, the Chair of Trustees and Headteacher peer review each other prior to, or if necessary at, the autumn term meeting.

As a result of the Trustee Performance Management and GSET (Governor Self Evaluation Tracker) reviews, an extensive Action Plan was agreed and implemented. Top level areas include:

- Strategic leadership;
- School improvement;
- Provisions;
- Managing the business: working effectively;
- Managing the business: developing the team;
- Building relationships; and
- Responsibilities.

The next self-review meeting will be held in Spring 2018 where the action plan will be reviewed and a new action plan agreed, based on the outcomes of the review.

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FOR THE YEAR ENDED 31 AUGUST 2017**

All Trustees are expected to join at least one Committee; several are members of more than one. A record is kept of all Trustees attendance at meetings, training and development, and visits to school, and the information reported to the full Board of Trustees and used during the performance management discussions.

In 2017 the Board of Trustees again undertook a strategic planning exercise in order to review the school's position and specifically Board of Trustees contribution. Information from this exercise was used to inform the five-year Strategic Plan.

The School was inspected by Ofsted in July 2015 and Leadership and Management was found to be 'Good'. Governance, in particular, was found to be Effective.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring 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 and available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Successfully applying for Capital Grants to replace the school's flat roofs. Using previously secured funding to complete the enlargement of the school hall and refit of boilers and convection heaters;
- Securing a substantial refund and reduced charging from Waterplus;
- Employing excellent teachers and support staff who have focussed on high achievement for pupils across the school;
- Investing significantly in the CPD of staff, which resulted in increasing leadership potential across the school improving outcomes for pupils across a range of subject areas; and
- Introducing a new handwriting scheme across the school, which has had a very positive impact on pupil outcomes.

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 the Academy for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy 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 ended 31 August 2017, and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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, 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, Personnel and Premises Committee of reports which indicate financial performance against 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; and
- Identification and management of risks.

The Board of Trustees has considered the need for a specific Internal Audit function and has decided to contract the internal function to the Local Authority. The Internal Auditor's role includes giving advice on financial matters and performing a number of checks on the Academy Trust's financial systems.

In particular the checks carried out by the Local Authority audit team in the current year included:

In line with the Public Sector Internal Audit Standards 2013, this audit engagement has been completed using a risk based approach, which seeks to provide independent assurance that:

- Key risks are identified and actively managed; and
- A sound framework of controls is in place that adequately and effectively reduces risks to an acceptable level.

The management of risk (including internal control arrangements) has been evaluated in the following areas:

1. GOVERNANCE AND STATUTORY RESPONSIBILITIES

To give assurances to management and Trustees that: -

- i) The roles and responsibilities of Senior Management, finance staff, the Board of Trustees and its Committees are set out in writing in a formal Finance Policy which is fit-for-purpose and is aligned to best practice, legislative requirements and the DfE Academies' Financial Handbook;
- ii) A register of business interests is maintained for all members of the Board of Trustees and any staff with influence over purchasing (e.g. budget holders);
- iii) Trustees meetings are properly constituted, business transacted is appropriate and minutes are prepared to an acceptable standard;
- iv) The Academy has appointed a suitable individual as its formal Responsible Officer;
- v) The Academy's key systems and procedures are underpinned by written procedure notes to promote effective continuity of operation in the absence of key staff;
- vi) The Academy has completed and submitted its annual FMGE return, and any weaknesses identified during the self-assessment process have been addressed;
- vii) Previous audit recommendations have been considered and implemented, where appropriate;
- viii) Financial accounts are satisfactorily prepared, audited by the External Auditors, and filed with Companies House in accordance with statutory deadlines;
- ix) Other statutory reporting deadlines are met.

**HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

2. RISK MANAGEMENT

To give assurances to management and Trustees that:

- i) Effective risk management procedures are in place to identify and to manage business risk critical to the Academy's overall objectives;
- ii) Major risks are adequately insured against loss or misfortune;
- iii) Effective Health and Safety procedures are in place and vulnerabilities addressed where necessary;
- iv) There is adequate cash-flow management;
- v) The Academy utilises efficient working practices where exposure to risk is not considered to be significant as a result.

3. FINANCIAL INFORMATION SYSTEM

To give assurances to management and Trustees that:

- i) The Financial Information System used is fit-for-purpose and is capable of generating the year-end statutory financial accounts;
- ii) Access to the FIS is password controlled and given only on a "need to do" basis;
- iii) Access levels are established to enforce an adequate separation of duties between the processing of financial transactions and the signing of cheques;
- iv) Data is regularly backed-up, and a back-up retained securely, as part of a wider disaster recovery plan;
- v) The FIS operated on a double-entry accounting basis and the system Trial Balance is "in balance";
- vi) Control accounts are reviewed and cleared regularly.

4. DATA PROTECTION ISSUES

To give assurances to management and Trustees that:

- i) The Academy is appropriately registered as a data user under the Data Protection Act 1998;
- ii) The Academy takes reasonable steps to safeguard all personal and sensitive data held and any personal data transmitted electronically;
- iii) Confidential information is retained securely and disposed of securely.

5. SECURITY

To give assurances to management and Trustees that:

- i) Cash held on the premises is retained securely, and within established insurance limits;
- ii) Adequate arrangements exist for the banking of income.

6. TREASURY MANAGEMENT / INVESTMENT STRATEGY

To give assurances to management and Trustees that:

- i) A Trustee-approved Treasury Management / Investment Strategy exists;
- ii) The Academy's assets are invested wisely in low-risk investments and in accordance with the Strategy.

7. ASSET REGISTER

To give assurances to management and Trustees that:

- i) The Academy's assets and equipment are appropriately recorded on an appropriate inventory record;
- ii) Adequate steps are in place to ensure the such items are held securely;
- iii) A physical check of all inventory items is undertaken annually, and the results of this check reported to the Trustees;
- iv) Health & safety obligations are met through the regular portable appliance testing of electrical assets;
- v) Access to computerised inventories is secure and files are adequately backed-up;
- vi) Appropriate procedures are in place to authorise the disposal of surplus items and their subsequent removal from the inventory record.

**HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

8. PAYROLL, PERSONNEL AND SAFER RECRUITMENT

To give assurances to management and Trustees that:

- i) Adequate arrangements exist for the completion and authorisation of salaries documentation (starters, leavers, changes to contracts, supply, overtime);
- ii) Adequate arrangements exist for the reconciliation of the payroll each month / monitoring of salary costs to the budget;
- iii) Personnel records are maintained accurately and up-to-date and used proactively to predict future salary costs;
- iv) There are effective recruitment practices (e.g. CRB clearance);
- v) Confidential payroll documentation is processed, transmitted and retained securely.

9. BUDGETARY PLANNING, MONITORING & REPORTING

To give assurances to management and Trustees that:

- i) Medium-term budgetary planning is sound (e.g. costed SDP, multi-year budget);
- ii) Adequate and effective procedures are in place for the preparation, approval, monitoring and control of the budget including GAG1/2 returns to the DfE;
- iii) The Financial Information System agrees with the approved annual budget;
- iv) Academies in a deficit budget position have adequate plans agreed with the DfE for the recovery of any overspends;
- v) Financial information given to Trustees, Senior Management and budget holders is accurate and timely.

10. LOCAL CHEQUE ACCOUNT

To give assurances to management and Trustees that:

- i) The local cheque account is being operated satisfactorily;
- ii) An adequate division of duties exists in the processing of financial transactions;
- iii) Cheque signatories are appropriate and approved by the Trustees;
- iv) Regular bank reconciliations are being carried out;
- v) The use of petty cash is appropriately recorded and controlled;
- vi) UK legislation is being complied with (e.g. payments to individuals).

11. PAYMENT CARDS / CHARGE CARDS

To give assurances to management and Trustees that:

- i) The Academy's charge card is used appropriately;
- ii) Transactions are promptly applied to the FIS;
- iii) The card is retained securely at all times.

12. ORDERING PROCEDURES

To give assurances to management and Trustees that:

- i) Adequate controls exist for the completion and authorisation of orders;
- ii) Internet ordering is in controlled situations (e.g. on-line discounts);
- iii) Payments are made only in respect of goods and services received, and have been properly certified as such;
- iv) There is an adequate division of duties in the ordering and payment procedures.

**HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

13. PROCUREMENT OF LARGE VALUED GOODS AND SERVICES

To give assurances to management and Trustees that:

- i) The Academy has a formal procurement policy which sets out tendering and quotation limits / requirements / procedures;
- ii) There is evidence of this policy being complied with in the tendering and awarding of high value contracts;
- iii) Quotations are routinely obtained in order to achieve value for money;
- iv) The Academy is able to demonstrate that value-for-money is routinely sought;
- v) There is adequate Trustee involvement in authorising large-value expenditure or exceptions to the policy.

14. INCOME – GENERAL

To give assurances to management and Trustees that:

- i) Income is received in all appropriate circumstances;
- ii) Income received is suitably recorded and controlled;
- iii) A clear audit trail exists between the recording of income, its posting to the FIS and its banking;
- iv) Income collected is promptly banked;
- v) VAT requirements are adhered to (where relevant).

15. INVOICING PROCEDURES

To give assurances to management and Trustees that:

- i) Invoicing procedures are sound;
- ii) Invoices are promptly raised for relevant debts;
- iii) Outstanding debts are routinely identified and followed-up;
- iv) Bad debts are written off in accordance with Trustee defined policy;
- v) VAT requirements are adhered to (where relevant).

16. SCHOOL TRIPS

To give assurances to management and Trustees that:

- i) Trip contributions are collected in full from all participating students;
- ii) Subsidies are appropriately authorised;
- iii) Trip contributions received adequately cover associated trip expenditure;
- iv) Each trip is accurately accounted for on the FIS;
- v) Significant surpluses are refunded;
- vi) Health & safety issues are adequately considered beforehand.

17. ENTREPRENEURIAL ACTIVITIES

To give assurances to management and Trustees that:

- i) Income is collected in its entirety for such activities (e.g. third-party use of premises);
- ii) Contractual arrangements are sound and legally based;
- iii) Non-financial risks and their implications are actively considered (e.g. health & safety, insurance, safeguarding of students).

18. EFFICIENCY

To give assurances to management and Trustees that:

- i) The School's working practices are efficient;
- ii) The School works in a "risk aware" environment (as opposed to a "risk averse" one) where the cost of introducing internal controls is considered against the associated risk exposure. A key theme of efficiency is to "manage" risk effectively, and in some cases to "tolerate" the risk, as opposed to the costly alternative of unnecessarily aiming to "eliminate" all risk.

**HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

As a result of the work of the Local Authority audit team, the following actions have been taken, and impact achieved:

- A cash flow forecast for 2017/2018 has been produced;
- Leaver's access rights have been removed from FMS;
- Historic debtors have been cleared from FMS;
- Dual signing of cheques is to be introduced by 1 February 2018;
- Reserves to be invested in efficient, secure location once online banking is in place;
- Official orders will be raised where practical. Finance policy to be updated to clarify detail; and
- All invoices (including order invoices) are now authorised before payment.

On an annual basis the Auditor reports to the Board through the Finance Committee on the operation of the systems of control and on the discharge of the Board's financial responsibility.

The structures of the Trustees Committees enable a cycle of planning and action to be validated and reported to the full Board of Trustees on a regular basis. The full Board of Trustees has access to minutes of decisions and actions taken by the Finance Committee. The Chair of the Finance Committee is answerable to the full Board of Trustees on at least a termly basis – in the year 2016 to 2017, this was six times. The Finance Committee has also undertaken a self-review based on the model recommended by the ESFA for new Academies.

REVIEW OF EFFECTIVENESS

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

- The work of the Internal Auditor;
- The work of the External Auditors;
- The financial management and governance self-assessment process; and
- The work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by orders of the members of the Board of Trustees on 13 December 2017 and signed on their behalf.

.....
P Browning
Chair of Trustees

.....
J McKay
Accounting Officer

**HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2017**

As Accounting Officer of Hall Orchard CE Primary School Academy, I have considered my responsibility to notify the Academy 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 and the Secretary of State. As part of my consideration I have had due regard to the requirement 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 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.

.....
J McKay
Accounting Officer

13 December 2017

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

Company law requires the Trustees to prepare 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 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 P Browning
Chair of Trustees

Date: 13 December 2017

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HALL
ORCHARD BARROW CE PRIMARY ACADEMY**

OPINION

We have audited the financial statements of Hall Orchard Barrow CE Primary Academy for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. 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', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy Trust Members, 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 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 Academy Trust and its 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 Academy'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF 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 Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HALL
ORCHARD BARROW CE PRIMARY ACADEMY**

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 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 Trustees' Report (incorporating the Strategic Report and the Directors Report) for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HALL
ORCHARD BARROW CE PRIMARY ACADEMY**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the 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 Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Robert Nelson BA FCA DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 19 December 2017

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HALL
ORCHARD BARROW CE PRIMARY ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 15 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hall Orchard Barrow CE Primary Academy during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hall Orchard Barrow CE Primary Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hall Orchard Barrow CE Primary Academy and the 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 Hall Orchard Barrow CE Primary Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HALL ORCHARD BARROW CE PRIMARY ACADEMY'S
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Hall Orchard Barrow CE Primary Academy's funding agreement with the Secretary of State for Education dated 1 October 2013, 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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HALL
ORCHARD BARROW CE PRIMARY ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY**
(continued)

The work undertaken to draw our conclusions includes:

- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;
- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity.

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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 19 December 2017

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
INCOME FROM:						
Donations and capital grants	2	4	358	262	624	628
Funding for Academy Trust's educational operations	3	1	1,826	9	1,836	1,758
Other trading activities	4	151	-	-	151	56
Investments	5	1	-	-	1	-
TOTAL INCOME		157	2,184	271	2,612	2,442
EXPENDITURE ON:						
Raising funds	7	149	-	-	149	45
Academy Trust's educational operations	8	-	2,199	170	2,369	1,722
TOTAL EXPENDITURE	6	149	2,199	170	2,518	1,767
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		8	(15)	101	94	675
Transfers between Funds	18	-	(104)	104	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		8	(119)	205	94	675
Actuarial gains/(losses) on defined benefit pension schemes	22	-	112	-	112	(159)
NET MOVEMENT IN FUNDS		8	(7)	205	206	516
RECONCILIATION OF FUNDS:						
Total funds brought forward		162	(641)	3,485	3,006	2,490
TOTAL FUNDS CARRIED FORWARD		170	(648)	3,690	3,212	3,006

The notes on pages 31 to 55 form part of these financial statements.

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08674696

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	£000	2016 £000
FIXED ASSETS					
Tangible assets	14		3,749		3,519
CURRENT ASSETS					
Debtors	15	200		212	
Cash at bank and in hand		322		219	
		<u>522</u>		<u>431</u>	
CREDITORS: amounts falling due within one year	16	(262)		(135)	
NET CURRENT ASSETS			<u>260</u>		<u>296</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,009</u>		<u>3,815</u>
CREDITORS: amounts falling due after more than one year	17		(54)		(36)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>3,955</u>		<u>3,779</u>
Defined benefit pension scheme liability	22		(743)		(773)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>3,212</u>		<u>3,006</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	95		132	
Restricted fixed asset funds	18	3,690		3,485	
Restricted income funds excluding pension liability		<u>3,785</u>		<u>3,617</u>	
Pension reserve		(743)		(773)	
Total restricted income funds			<u>3,042</u>		<u>2,844</u>
Unrestricted income funds	18		170		162
TOTAL FUNDS			<u>3,212</u>		<u>3,006</u>

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 27 to 55 were approved by the Trustees, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:

.....
Mr P Browning
Chair of Trustees

.....
Mrs J McKay
Accounting Officer

The notes on pages 31 to 55 form part of these financial statements.

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash used in operating activities	20	<u>(137)</u>	<u>(29)</u>
Cash flows from investing activities:			
Interest received		(1)	-
Purchase of tangible fixed assets		(381)	(681)
Capital grants from DfE/ESFA		<u>622</u>	<u>632</u>
Net cash provided by/(used in) investing activities		<u>240</u>	<u>(49)</u>
Change in cash and cash equivalents in the year		103	(78)
Cash and cash equivalents brought forward		<u>219</u>	<u>297</u>
Cash and cash equivalents carried forward	21	<u><u>322</u></u>	<u><u>219</u></u>

The notes on pages 31 to 55 form part of these financial statements.

HALL ORCHARD BARROW CE PRIMARY ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The financial statements are prepared in £ sterling, the functional currency, rounded to the nearest £1,000.

1.2 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.

HALL ORCHARD BARROW CE PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.6 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.

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(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £300 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is charged on freehold land. 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	-	2% straight line per annum
Long-term leasehold land	-	0.8% straight line per annum
Office equipment	-	25% straight line per annum
Computer equipment	-	33.3% straight line per annum
Assets under construction	-	Not depreciated until 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.

1.8 Liabilities and provisions

Liabilities and provisions 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 note 15. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at fair value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. 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 instruments.

1.10 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.11 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 funder and include grants from the Education and Skills Funding Agency 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 Education and Skills Funding Agency/Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.12 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 annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 14 for the carrying amount of tangible fixed assets, and note 1.7 for the useful economic lives for each class of assets.

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 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.

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NOTES TO THE FINANCIAL STATEMENTS
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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donations	4	7	1	12	10
DfE/ESFA grants	-	351	261	612	618
	<u>4</u>	<u>358</u>	<u>262</u>	<u>624</u>	<u>628</u>
<i>Total 2016</i>	<u>6</u>	<u>4</u>	<u>618</u>	<u>628</u>	

3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,518	1,518	1,508
Pupil Premium	-	65	65	67
Devolved Formula Capital	-	9	9	14
Other ESFA/DfE Grants	-	97	97	88
	<u>-</u>	<u>1,689</u>	<u>1,689</u>	<u>1,677</u>
Other government grants				
Higher Needs funding	-	14	14	19
Pre-school funding	-	77	77	-
	<u>-</u>	<u>91</u>	<u>91</u>	<u>19</u>
Other funding				
Trips and parental contributions	-	44	44	45
Insurance claims	1	3	4	9
Staff sickness insurance claims	-	8	8	8
	<u>1</u>	<u>55</u>	<u>56</u>	<u>62</u>
	<u>1</u>	<u>1,835</u>	<u>1,836</u>	<u>1,758</u>
<i>Total 2016</i>	<u>-</u>	<u>1,758</u>	<u>1,758</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Catering income	48	-	48	52
Moderation income	-	-	-	4
Extended Services income	101	-	101	-
Other income	2	-	2	-
	<u>151</u>	<u>-</u>	<u>151</u>	<u>56</u>
<i>Total 2016</i>	<u>56</u>	<u>-</u>	<u>56</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Investment income	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

6. EXPENDITURE

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Expenditure on raising voluntary income	103	-	46	149	45
Activities:					
Direct costs	1,037	126	197	1,360	1,173
Support costs	484	105	420	1,009	549
	<u>1,624</u>	<u>231</u>	<u>663</u>	<u>2,518</u>	<u>1,767</u>
<i>Total 2016</i>	<u>1,372</u>	<u>150</u>	<u>245</u>	<u>1,767</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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7. COSTS OF OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Catering costs	48	-	48	45
Extended Services staff costs	101	-	101	-
	<hr/>	<hr/>	<hr/>	<hr/>
	149	-	149	45
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	45	-	45	
	<hr/>	<hr/>	<hr/>	

HALL ORCHARD BARROW CE PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. ACADEMY TRUST EDUCATIONAL OPERATIONS

	Total funds 2017 £000	Total funds 2016 £000
DIRECT COSTS		
Wages and salaries	773	708
National insurance	73	61
Pension cost	193	153
Depreciation	151	93
Educational supplies	100	99
Technology costs	12	11
Staff development	14	12
Other staffing costs	20	22
Educational consultancy	24	14
	1,360	1,173
SUPPORT COSTS		
Wages and salaries	374	349
National insurance	15	11
Pension cost	78	68
Pension finance costs (note 13)	17	22
Rent, rates and water	(4)	(3)
Energy	22	22
Maintenance of equipment	2	3
Cleaning	9	8
Insurance	20	17
Other support costs	28	7
Maintenance of premises	415	31
Travel and subsistence	2	1
Recruitment and support	1	1
Non recoverable VAT	9	-
Governance costs	21	12
	1,009	549
	2,369	1,722

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the charity	151	94
Auditor's remuneration - audit	13	9
Auditor's remuneration - other services	7	3
Internal audit costs	1	-
	<u><u> </u></u>	<u><u> </u></u>

HALL ORCHARD BARROW CE PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£000	£000
Wages and salaries	1,221	1,054
Social security costs	91	72
Operating costs of defined benefit pension schemes	290	221
	<u>1,602</u>	<u>1,347</u>
Supply teacher costs	5	3
Pension costs	17	22
	<u><u>1,624</u></u>	<u><u>1,372</u></u>

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

	2017	2016
	No.	No.
Teachers	21	21
Administration and support	50	43
Management	7	6
	<u>78</u>	<u>70</u>

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Teachers	18	22
Administration and support	26	25
Management	6	5
	<u>50</u>	<u>52</u>

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. STAFF COSTS (continued)

The above employee participates in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for this staff member amounted to £11,594 (2016: £11,196).

The Key Management Personnel of the Academy Trust comprises the Staff Trustees and the Senior Leadership Team as listed on page 1. The total amount of the employer benefits (including employer pension contributions) received by Key Management Personnel for their services to the Academy Trust was £364,721 (2016: £304,959).

11. 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 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:

		2017	2016
		£000	£000
Mrs J McKay, Headteacher	Remuneration	70-75	65-70
	Pension contributions paid	10-15	10-15
Mrs J Dunn, Staff Governor	Remuneration	-	40-45
	Pension contributions paid	-	5-10
Mrs N Roodhouse, Staff Governor	Remuneration	45-50	45-50
	Pension contributions paid	5-10	5-10
Miss K Price, Staff Governor	Remuneration	25-30	25-30
	Pension contributions paid	0-5	0-5

During the year ended 31 August 2017, expenses totalling £1,880 were reimbursed to 4 Trustees (2016 - £1,481 to 2 Trustees).

Other related party transactions involving the Trustees are set out in note 24.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2017 was £588 (2016 - £558).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. PENSION FINANCE COSTS

	2017	2016
	£000	£000
Interest income on pension scheme assets	17	23
Interest on pension scheme liabilities	(34)	(45)
	(17)	(22)

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Office equipment £000	Computer equipment £000	Assets under construction £000	Total £000
Cost					
At 1 September 2016	3,064	20	71	563	3,718
Additions	369	4	8	-	381
Transfer between classes	563	-	-	(563)	-
At 31 August 2017	3,996	24	79	-	4,099
Depreciation					
At 1 September 2016	158	9	32	-	199
Charge for the year	121	5	25	-	151
At 31 August 2017	279	14	57	-	350
Net book value					
At 31 August 2017	3,717	10	22	-	3,749
At 31 August 2016	2,906	11	39	563	3,519

Included in the cost of long term leasehold property is long leasehold land valued at £886,000 on conversion in 2013 by Leicestershire County Council, a RICS registered valuer, using the depreciated replacement cost method.

The freehold of the land and buildings is owned by Leicestershire County Council. The Academy Trust holds a 125 year leasehold over the land and buildings.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

15. DEBTORS

	2017	2016
	£000	£000
Trade debtors	-	4
Amounts owed by group undertakings	-	48
Prepayments and accrued income	172	125
VAT recoverable	28	35
	200	212
	200	212

16. CREDITORS: Amounts falling due within one year

	2017	2016
	£000	£000
Other loans	5	5
Other taxation and social security	23	23
Other creditors	40	43
Accruals and deferred income	194	64
	262	135
	262	135
	2017	2016
	£000	£000
Deferred income		
Deferred income at 1 September 2016	48	78
Resources deferred during the year	90	48
Amounts released from previous years	(48)	(78)
	90	48
	90	48

At the Balance Sheet date the Academy Trust was holding funds received in advance for trips, Universal Infant Free School Meals, afterschool club and preschool funding in relation to the next academic year.

Included within other loans falling due within one year are three loans amounting to £5,126 (2016: £4,561) from the Education and Skills Funding Agency under the Condition Improvement Fund. All loans are interest free.

The first loan, the value of which is £1,204 (2016: £1,204) is repayable at an amount of £602 six monthly.

The second loan, the value of which is £2,792 (2016: £2,792) is repayable at an amount of £1,396 six monthly.

The third loan, the value of which is £1,130 (2016: £565) is repayable at an amount of £565 six monthly.

HALL ORCHARD BARROW CE PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. CREDITORS: Amounts falling due after more than one year

	2017	2016
	£000	£000
Other loans	54	36
	<u> </u>	<u> </u>

Included within the above are amounts falling due as follows:

	2017	2016
	£000	£000
Between two and five years		
Other loans	32	21
	<u> </u>	<u> </u>
Over five years		
Other loans	22	15
	<u> </u>	<u> </u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2017	2016
	£000	£000
Repayable by instalments	22	15
	<u> </u>	<u> </u>

Included within other loans falling due after more than one year are four loans amounting to £54,057 (2016: £35,849) from the Education and Skills Funding Agency under the Condition Improvement Fund. All loans are interest free.

The first loan, the value of which is £6,623 (2016: £7,827) is repayable at an amount of £602 six monthly. The loan will be fully repaid by September 2023.

The second loan, the value of which is £16,755 (2016: £19,547) is repayable at an amount of £1,396 six monthly. The loan will be fully repaid by March 2024.

The third loan, the value of which is £7,345 (2016: £8,475) is repayable at an amount of £565 six monthly. The loan will be fully repaid by September 2024.

The fourth loan, the value of which is £23,334 (2016: £Nil) is repayable at an amount of £1,458 six monthly. The loan will be fully repaid by March 2026.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS

	Brought forward £000	Income £000	Resources expended £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds						
Extended Services	68	101	(101)	-	-	68
Catering funds	-	48	(48)	-	-	-
Other unrestricted income	94	8	-	-	-	102
	<u>162</u>	<u>157</u>	<u>(149)</u>	<u>-</u>	<u>-</u>	<u>170</u>
Restricted funds						
General Annual Grant (GAG)	132	1,518	(1,485)	(104)	-	61
Pupil premium	-	65	(65)	-	-	-
Other DfE/ESFA grants	-	448	(414)	-	-	34
Other Government grants	-	91	(91)	-	-	-
Other income	-	62	(62)	-	-	-
Pension reserve	(773)	-	(82)	-	112	(743)
	<u>(641)</u>	<u>2,184</u>	<u>(2,199)</u>	<u>(104)</u>	<u>112</u>	<u>(648)</u>
Restricted fixed asset funds						
Net book value of fixed assets	3,519	271	(151)	110	-	3,749
CIF loan	(40)	-	(19)	-	-	(59)
Unspent capital grants	6	-	-	(6)	-	-
	<u>3,485</u>	<u>271</u>	<u>(170)</u>	<u>104</u>	<u>-</u>	<u>3,690</u>
Total restricted funds	<u>2,844</u>	<u>2,455</u>	<u>(2,369)</u>	<u>-</u>	<u>112</u>	<u>3,042</u>
Total of funds	<u><u>3,006</u></u>	<u><u>2,612</u></u>	<u><u>(2,518)</u></u>	<u><u>-</u></u>	<u><u>112</u></u>	<u><u>3,212</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £000	Income £000	Resources expended £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
Unrestricted funds						
Extended Services	38	151	(131)	10	-	68
Catering funds	-	52	(52)	-	-	-
Other unrestricted income	94	10	-	(10)	-	94
	132	213	(183)	-	-	162
Restricted funds						
General Annual Grant (GAG)	15	1,508	(1,359)	(32)	-	132
Pupil premium	-	67	(67)	-	-	-
Other DfE/ESFA grants	-	88	(88)	-	-	-
Other Government grants	-	19	(19)	-	-	-
Other income	-	66	(66)	-	-	-
Pension reserve	(571)	-	(43)	-	(159)	(773)
	(556)	1,748	(1,642)	(32)	(159)	(641)
Restricted fixed asset funds						
Net book value of fixed assets	2,931	626	(93)	55	-	3,519
CIF loan	(17)	-	-	(23)	-	(40)
Unspent capital grants	-	6	-	-	-	6
	2,914	632	(93)	32	-	3,485
Total restricted funds	2,358	2,380	(1,735)	-	(159)	2,844
Total of funds	2,490	2,593	(1,918)	-	(159)	3,006

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

General Annual Grant (GAG)

Funds from the Education and Skills Funding Agency for the provision of education, in line with the funding agreement.

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

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 2017. Transfers of £142,000 from GAG funding to the restricted fixed asset fund represents contributions towards the hall extension and 5 phase build, computer equipment and office equipment.

Other DfE/ESFA grants

Other funds provided by the DfE/ESFA for particular purposes within the Academy's educational operations.

Pupil premium

Additional funds from the Education and Skills Funding Agency to support disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Capital grants

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education and Skills Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

Other Government grants

These consist of grants from Local Authorities and relate to higher needs grants and nursery grants for the 30 hours free provision.

Other income

These consist of restricted income from all other sources to be used primarily for the Academy's educational operations.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately.

Restricted fixed asset fund

The net book value of fixed asset fund has been set up to recognise the tangible assets held by the Academy Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund.

The unspent capital grant fund has been created to recognise unspent capital grants received for the purpose of the acquisition of tangible fixed assets. As tangible fixed assets are purchased, a transfer is made to the restricted fixed assets fund.

The CIF loan balance represents the SALIX loan liability which was received as part of the CIF funding received for the purchase of tangible fixed assets. As repayments are made against this liability, a transfer will be made from restricted funds against the CIF loan fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	3,749	3,749
Current assets	170	352	-	522
Creditors due within one year	-	(257)	(5)	(262)
Creditors due in more than one year	-	-	(54)	(54)
Pension scheme liability	-	(743)	-	(743)
	170	(648)	3,690	3,212

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000
Tangible fixed assets	-	-	3,519	3,519
Current assets	162	263	6	431
Creditors due within one year	-	(131)	(4)	(135)
Creditors due in more than one year	-	-	(36)	(36)
Provisions for liabilities and charges	-	(773)	-	(773)
	162	(641)	3,485	3,006

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

	2017 £000	2016 £000
Net income for the year	94	675
Adjustment for:		
Depreciation of tangible fixed assets	151	93
Dividends, interest and rents from investments	1	-
(Increase)/decrease in debtors	12	(157)
(Decrease)/increase in creditors	145	(51)
Capital grants from DfE	(622)	(632)
Defined benefit pension scheme cost less contributions payable	65	21
Defined benefit pension scheme finance cost	17	22
Net cash used in operating activities	(137)	(29)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£000	£000
Cash in hand	322	124
Notice deposits (less than 3 months)	-	95
Total	322	219

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 Leicestershire 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 2016.

Contributions amounting to £27,000 were payable to the schemes at 31 August 2017 (2016 - £24,000) 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 fulltime 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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COMMITMENTS (continued)

- 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 16.48%, 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 year amounted to £125,000 (2016 - £117,000).

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).

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 2017 was £124,000 (2016 - £106,000), of which employer's contributions totalled £99,000 (2016 - £83,000) and employees' contributions totalled £25,000 (2016 - £23,000). The agreed contribution rates for future years are 21.8% 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	3.40 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	24.2
Females	26.2	26.6

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2017 £000	At 31 August 2016 £000
Discount rate +0.1%	(49)	(42)
Discount rate -0.1%	49	42
Mortality assumption - 1 year increase	73	46
Mortality assumption - 1 year decrease	(73)	(46)
CPI rate +0.1%	36	25
CPI rate -0.1%	(36)	(25)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	730	558
Gilts	218	140
Property	87	70
Cash	55	7
Total market value of assets	1,090	775

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £000	2016 £000
Current service cost	(164)	(104)
Interest income	17	23
Interest cost	(34)	(45)
Total	(181)	(126)
Actual return on scheme assets	197	127

The Academy expects to contribute £108,000 to its defined benefit pension scheme in 2018.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COMMITMENTS (continued)

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

	2017	2016
	£000	£000
Opening defined benefit obligation	1,548	1,113
Current service cost	164	104
Interest cost	34	45
Employee contributions	25	23
Actuarial losses	68	263
Benefits paid	(6)	-
	<hr/>	<hr/>
Closing defined benefit obligation	1,833	1,548
	<hr/> <hr/>	<hr/> <hr/>

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

	2017	2016
	£000	£000
Opening fair value of scheme assets	775	542
Interest income	17	23
Actuarial gains	180	104
Employer contributions	99	83
Employee contributions	25	23
Benefits paid	(6)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	1,090	775
	<hr/> <hr/>	<hr/> <hr/>

23. OPERATING LEASE COMMITMENTS

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

	2017	2016
	£000	£000
Amounts payable:		
Within 1 year	3	4
Between 1 and 5 years	2	5
	<hr/>	<hr/>
Total	5	9
	<hr/> <hr/>	<hr/> <hr/>

HALL ORCHARD BARROW CE PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 have 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.

No related party transactions took place in the year ended 31 August 2017.

25. CONTROLLING PARTY

The Academy is ultimately controlled by the Board of Trustees, which includes the Headteacher.

26. COMPANY LIMITED BY GUARANTEE

The Academy Trust is a company limited by guarantee and does not have share capital.

27. MEMBERS' LIABILITY

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