

Registered number: 08674696 (England and Wales)

HALL ORCHARD BARROW CE PRIMARY SCHOOL

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

**Hall Orchard Barrow CE Primary School
(A Company Limited by Guarantee)**

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**Hall Orchard Barrow CE Primary School
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

Carolyn Lewis	Leicester Diocesan Board of Education
Paul Browning	Chair of Trustees
Amy Earl	Chair of Finance Committee
Darren Broadhead	Chair of Curriculum Committee

Trustees

Mr Paul Browning	Chair of Trustees
Ms Jane McKay	Headteacher and Accounting Officer
Darren Broadhead	Chair of Curriculum Committee
Mrs Pauline Ranson	(Resigned 1 November 2017 and Re-appointed 21 November 2017)
Mrs Victoria Bowman	
Mrs Amy Earl	Chair of Finance Committee
Mrs Nadine Roodhouse	Staff Trustee
Miss Kirstie Price	Staff Trustee
Mr Thomas Boldrin	
Mr David Bull	(Appointed 14 December 2017)
Mrs Claire Davenport	(Appointed 14 December 2017)
Mrs Jennifer Summerton	(Appointed 14 December 2017)
Mrs Sarah Boby	(Appointed 14 December 2017)
Mr Neil Titchmarsh	(Appointed 14 December 2017)
Mrs Frances Acton	(Resigned 14 December 2017)
Mr Kevin Smith	(Resigned 13 December 2017)
Mr Patrick Adcock	(Resigned 14 December 2017)
Mrs Karen Mills	(Resigned 1 October 2017)

Company Secretary

Mr Martin Kennard

Senior Leadership Team

Ms Jane McKay	Headteacher
Mrs Nadine Roodhouse	Deputy Headteacher
Mr George Burdett	Assistant Headteacher
Mr Adam Thurgood	Assistant Headteacher

Company Name

Hall Orchard Barrow CE Primary School

Principal and Registered Office

Church Street
Barrow upon Soar
Loughborough
Leicestershire
LE12 8HP

Company Registered Number

08674696 (England and Wales)

**Hall Orchard Barrow CE Primary School
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Independent Auditor

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

Bankers

NatWest Bank Plc
Loughborough Branch
Market Street
Loughborough
LE11 3NZ

Solicitors

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

**Hall Orchard Barrow CE Primary School
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and Auditor's Report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy for pupils aged 4 to 11, serving a catchment area in and around the village of Barrow upon Soar. It currently has 521 pupils on roll as reported in September 2018. The school has a planned admission number of 75 giving a capacity for 525 pupils.

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 Barrow CE Primary School are also the directors of the charitable company for the purposes of company law. The charitable company operates as Hall Orchard Barrow CE Primary School.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on pages 1 and 2.

Members' Liability

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

Trustees' Indemnities

Since the conversion to Academy status on 1 October 2013, the Trustees 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 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 £428 (2017 - £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 Trustee 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).

Policies and Procedures Adopted for the Induction and Training of Trustees

New Trustees will undergo an induction procedure, including a welcome pack from Leicestershire Governor 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 Governor 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 'NGA learning link' online training modules.

Organisational Structure

The Academy governance structure is as follows:

The Members of the Academy Trust shall comprise:

- The signatories to the Memorandum and Articles of Association;
- 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 Finance, Personnel 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 and not more than fourteen; 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;
- Two Parent Trustees appointed under Articles 53-58;
- The Headteacher; and
- The Academy Trust may also have two Co-opted Trustees appointed under Article 59.

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

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:

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

- Finance, Personnel, Pay and Premises Committee;
- Curriculum Development and Strategy Committee;
- Headteacher 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 Trustees responsibility have been documented and agreed Terms of Reference 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 report 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, 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 the Trustees is managed by the Chair of Trustees. The Clerk has access to regular training.

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. 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, Personnel, Pay and Premises 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,

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1.1825

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	0
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£0
The total pay bill	£1,625,674
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0%

Paid trade union activities

Time spent on paid trade union activities such as a percentage of total paid facility time hours calculated as:	0
(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0

Related Parties and other Connected Charities and Organisations

The Academy does not have any related party relationships with any other connected charities or organisations.

OBJECTIVES AND ACTIVITIES

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 'For our children to be confident, ambitious learners who demonstrate the personal values and skills necessary to make a positive contribution to the global community. To be an excellent school where all children achieve their best.'

Objectives, Strategies and Activities

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 2018-2021, together with specific success criteria for measuring these achievements:

- For all teaching to be at least 'good' with the majority to be 'outstanding';
- For pupil attainment and progress to be in the top quintile;
- Pupil attendance to be above the National average;
- Vision and values are explicit and implicit throughout the school;
- To ensure we maintain existing excellent standards with regard to provision of a broad curriculum and SMSC education;

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

- To ensure our governance and operational leadership structures and systems support our specific aims and enable the school to respond to change;
- To continue to develop our existing working partnerships with other schools and to explore options for future partnership arrangements; and
- To continue to develop the site to meet the growing needs of the school.

Public Benefit

Hall Orchard Barrow CE Primary School is approved by the Department for Education (DfE) and funded wholly by the Education & Skills 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 very good and many pupils made accelerated progress from very low starting points on entry.

Key Stage 1 Outcomes

Phonics development at Hall Orchard Barrow CE Primary School remains above the National average with 90% of pupils passing the year 1 screening check.

Year 2 Attainment 2018

Subject	% of pupils who achieved the required standard
Reading - Teacher Assessment	73%
Writing - Teacher Assessment	65%
Maths - Teacher Assessment	70%
Science	99%

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Key Stage 2 Outcomes

Pupil progress at the end of KS2 is very good with a 3-year increasing trend.

Subject	% of pupils who achieved the required standard	National %
SATS		
Reading	86	75
Writing	87	78
GAPS	86	78
Maths	83	76
<i>Reading, writing, maths combined</i>	80	64

Attendance for 2017/8 was 96%.

The Trustees and staff remain committed to providing a broad and balanced curriculum to motivate and inspire our children, so they can all be challenged to achieve the highest standards of attainment and make exceptional progress.

We continued to develop our Forest Schools Site which is now being used for regular Forest Schools sessions by pupils in Key Stage 2.

Key Performance Indicators

KPI 2017-8	Achieved
Foundation Stage Good Level of Development 65%	68%
Year 1 Phonics 80%	90%
End of KS2 Outcomes	
Reading 82%	86%
Writing 82%	87%
GPS 85%	86%
Maths 82%	83%
Attendance 96%	96%
Food technology kitchen created	Completed summer 2018
Plans for the development of 2 additional classrooms	√
Primary Edge Implemented across the school	√

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 Accounting Policies.

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;

Other ESFA funding including:

Pupil Premium;

Sports Grant; and

Universal Infant Free School Meals Grant.

High Needs SEND funding from Leicestershire County Council; and

Capital Funding from Leicestershire County Council for preparation for the building of two new classrooms.

Unrestricted Income

Income generated by the Academy such as Before and After School Club, Preschool, catering, trips and lettings.

During the year funds have been allocated to preparation for the building of two new classrooms during 2018-19.

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.

The total amount of funds (reserves) held at the balance sheet date is £330,000.

This includes:

The total amount of restricted funds £138,000

The total amount of unrestricted funds £192,000

There is an additional £15,000 of ring-fenced capital funds

The current level of reserves is higher than the level aimed at in the policy, however, we plan to reduce the level of reserves to £50,000 over the next 3 years. Reserves are being set aside to allow for resources to be purchased for the expected increase in pupil numbers and to provide appropriate staffing levels as numbers increase. In addition money has been allocated for the continuing development of the school site, to support the National Curriculum and prepare for further school growth.

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 made during the financial year 2017 to 2018.

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 to capacity but with capacity to expand with the development of 2 new classrooms, and with an increasing number of pupils forecast for future years.

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:

- Internal Risks – which we manage and work to reduce
- External Risks – of which we are aware

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

FUNDRAISING

The Academy has no fundraising activities.

PLANS FOR FUTURE PERIODS

The Academy has completed works to develop a cookery area for the pupils to meet the requirements of the food technology curriculum. Further site developments are planned which will allow the school to expand to meet the growing need for primary school places within the village. Two additional classrooms will be built on the site during 2018-19, to open September 2019. 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.

The Trustees' report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2018 and signed on the Board's behalf by:

.....
Mr Paul Browning
Chair of Trustees

**Hall Orchard Barrow CE Primary School
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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

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 the 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 Hall Orchard Barrow CE Primary School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 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
Mr Paul Browning - Chair of Trustees	6	6
Ms Jane McKay - Headteacher and Accounting Officer	6	6
Darren Broadhead - Vice Chair of Trustees	3	6
Mrs Pauline Ranson (Resigned 1 November 2017 and Re-appointed 21 November 2017)	1	6
Mrs Victoria Bowman	6	6
Mrs Amy Earl	6	6
Mrs Nadine Roodhouse	5	6
Miss Kirstie Price	6	6
Mr Thomas Boldrin	5	6
Mr David Bull (Appointed 14 December 2017)	2	3
Mrs Claire Davenport (Appointed 14 December 2017)	3	3
Mrs Jennifer Summerton (Appointed 14 December 2017)	2	3
Mrs Sarah Boby (Appointed 14 December 2017)	3	3
Mr Neil Titchmarsh (Appointed 14 December 2017)	2	3
Mrs Frances Acton (Resigned 14 December 2017)	3	3
Mr Kevin Smith (Resigned 13 December 2017)	3	3
Mr Patrick Adcock (Resigned 14 December 2017)	0	2
Mrs Karen Mills (Resigned 1 October 2017)	1	1

The changes to the membership of the Board of Trustees were as follows:

Resignations

Frances Acton; Karen Mills; Kevin Smith and Patrick Adcock. Pauline Ransons term of office ended and so resigned and was re-appointed during the year.

Appointments

Dave Bull; Claire Davenport; Jennifer Summerton; Sarah Boby and Neil Titchmarsh.

The Finance, Personnel, Pay and Premises Committee is a sub-committee of the main 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.

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

The committee met 3 times during the year. Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a possible
Mrs Amy Earl – Chair	3	3
Mr Thomas Boldrin	3	3
Mr Paul Browning	3	3
Mrs Jane McKay – Headteacher and Accounting Officer	3	3
Mrs Sarah Boby (Appointed 14 December 2017)	2	2
Mr Neil Titchmarsh (Appointed 14 December 2017)	2	2
Mrs Frances Acton (Resigned 14 December 2017)	1	2

Mrs Amy Earl, who is a qualified accountant, is the Chair of the committee. The internal monitoring role was contracted to the Local Authority.

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 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. Actions are included in the school development plan where appropriate.

The Board of Trustees also undertakes an annual skills audit as part of the governor performance management process. The findings of this are discussed 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. The Finance, Personnel, Pay and Premises Committee also carries out a specific financial self-assessment audit which informs training and skills needs.

All governors are expected to join at least one committee; most are members of more than one. A record is kept of all Trustee 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 2018 the Board of Trustees again undertook a strategic planning exercise in order to review the school's position and specifically the 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 was found to be Effective.

REVIEW OF VALUE FOR MONEY

As Accounting Officer the Headteacher, 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:

- Creating a cooking kitchen for pupils so that the food technology aspects of the National Curriculum can be taught appropriately;

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

- Introducing a scheme to improve comprehension skills in reading - Cracking Comprehension and LEXIA which focussed teaching on the Key Skills required for reading comprehension;
- To continue to resource technology across the school, purchasing new interactive whiteboards and laptops so that the computing curriculum can be delivered across the school site; and
- The investment in PiXL has resulted in increasing achievement at the end of KS2.

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 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint the Local Authority audit team as internal auditor. The internal auditors role includes giving advice on financial matters and performing a number of checks on the Academies Trusts financial systems.

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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

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. Compliance;
2. Governance;
3. Responsible Committees;
4. Specific Financial Concerns; and
5. Transaction Testing.

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

There should be an up-to-date register of members business and pecuniary interests, which should be permanently retained at the Academy. The Academy website should be up-to-date with current declarations. In accordance with the transparency requirements detailed in the ESFA's Academies Financial Handbook, the Scheme of Delegation must be published on the Academy website and attendance at meetings should be up to date.

The structures of the Trustee's 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, Personnel, Pay and Premises Committee. The Chair of the Finance, Personnel, Pay and Premises Committee is answerable to the full Board of Trustees on at least a termly basis – in the year 2017 to 2018, this was three times. The Finance, Personnel, Pay and Premises 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 Local Authority auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on its behalf by:

.....
Mr Paul Browning
Chair of Trustee

.....
Mrs Jane McKay
Accounting Officer

**Hall Orchard Barrow CE Primary School
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2018**

As Accounting Officer of Hall Orchard Barrow CE Primary School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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.

.....
Mrs Jane McKay
Accounting officer

12 December 2018

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & 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 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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: 12 December 2018

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

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

OPINION

We have audited the financial statements of Hall Orchard Barrow CE Primary School (the 'Academy') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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 ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the 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 SCHOOL
(A Company Limited by Guarantee)

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

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 or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' 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. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

18 December 2018

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

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

In accordance with the terms of our engagement letter dated 21 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hall Orchard Barrow CE Primary School during the year 1 September 2017 to 31 August 2018 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 School 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 School 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 School and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Hall Orchard Barrow CE Primary School's funding agreement with the Secretary of State for Education dated 1 October 2013, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HALL
ORCHARD BARROW CE PRIMARY SCHOOL AND THE EDUCATION & 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 18 December 2018

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

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:						
Donations and capital grants	2	-	2	69	71	624
Funding for Academy Trust's educational operations	3	2	1,980	10	1,992	1,836
Other trading activities	4	193	-	-	193	151
Investments	5	-	-	-	-	1
TOTAL INCOME		195	1,982	79	2,256	2,612
EXPENDITURE ON:						
Raising funds	6	173	-	-	173	149
Academy Trust's educational operations	7	-	1,987	193	2,180	2,369
TOTAL EXPENDITURE	8	173	1,987	193	2,353	2,518
NET BEFORE TRANSFERS		22	(5)	(114)	(97)	94
Transfers between Funds	18	-	(73)	73	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		22	(78)	(41)	(97)	94
Actuarial gains on defined benefit pension schemes	23	-	236	-	236	112
NET MOVEMENT IN FUNDS		22	158	(41)	139	206
RECONCILIATION OF FUNDS:						
Total funds brought forward		170	(648)	3,690	3,212	3,006
TOTAL FUNDS CARRIED FORWARD		192	(490)	3,649	3,351	3,212

The notes on pages 26 to 50 form part of these financial statements.

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

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£000	2018 £000	£000	2017 £000
FIXED ASSETS					
Tangible assets	14		3,702		3,749
CURRENT ASSETS					
Debtors	15	56		200	
Cash at bank and in hand		490		322	
		546		522	
CREDITORS: amounts falling due within one year	16	(224)		(262)	
NET CURRENT ASSETS			322		260
TOTAL ASSETS LESS CURRENT LIABILITIES			4,024		4,009
CREDITORS: amounts falling due after more than one year	17		(45)		(54)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			3,979		3,955
Defined benefit pension scheme liability	23		(628)		(743)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,351		3,212
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	138		95	
Restricted fixed asset funds	18	3,649		3,690	
Restricted income funds excluding pension liability		3,787		3,785	
Pension reserve	18	(628)		(743)	
Total restricted income funds			3,159		3,042
Unrestricted income funds	18		192		170
TOTAL FUNDS			3,351		3,212

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

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 22 to 50 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:

.....
Mr P Browning
Chair of Trustees

.....
Mrs J McKay
Accounting Officer

The notes on pages 26 to 50 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>310</u>	<u>(137)</u>
Cash flows from investing activities:			
Interest received		-	(1)
Purchase of tangible fixed assets		(146)	(381)
Capital grants from DfE Group		10	622
Net cash (used in)/provided by investing activities		<u>(136)</u>	<u>240</u>
Cash flows from financing activities:			
Repayments of borrowings		(6)	-
Net cash used in financing activities		<u>(6)</u>	<u>-</u>
Change in cash and cash equivalents in the year		168	103
Cash and cash equivalents brought forward		<u>322</u>	<u>219</u>
Cash and cash equivalents carried forward	21	<u><u>490</u></u>	<u><u>322</u></u>

The notes on pages 26 to 50 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hall Orchard Barrow CE Primary School constitutes a public benefit entity as defined by FRS 102.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the Academy Trust 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where receipt is probable and it is measurable.

Donations are recognised on a receivable basis (where there are no performance-related conditions) 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 Academy Trust has provided the goods or services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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.

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 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.

Depreciation is provided on all tangible fixed assets, 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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

Leasehold property	-	2% straight line per annum
Long-term leasehold land	-	0.8% straight line per annum
Assets under construction	-	Not depreciated until brought into use
Office equipment	-	25% straight line per annum
Computer equipment	-	33.3% straight line per annum

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.

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. 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 instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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 23, 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.

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 funders where the asset acquired or created is held for a specific purpose.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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 23, 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 2017 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Donations	-	2	24	26	12
Capital grants	-	-	45	45	612
	-	2	69	71	624
Total 2017	4	358	262	624	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,632	1,632	1,518
Pupil Premium	-	59	59	65
Devolved Formula Capital	-	10	10	9
Other ESFA/DfE Grants	-	108	108	97
	-	1,809	1,809	1,689
Other government grants				
Higher Needs funding	-	26	26	14
Pre-school funding	-	104	104	77
	-	130	130	91
Other funding				
Trips and parental contributions	-	47	47	44
Insurance claims	1	-	1	8
Staff sickness insurance claims	1	-	1	4
Other income	-	4	4	-
	2	51	53	56
	2	1,990	1,992	1,836
Total 2017	7	1,829	1,836	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Catering income	49	-	49	48
Extended Services income	128	-	128	101
PiXL club income	11	-	11	-
Other income	5	-	5	2
	<u>193</u>	<u>-</u>	<u>193</u>	<u>151</u>
Total 2017	<u>151</u>	<u>-</u>	<u>151</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Investment income	-	-	-	1
	<u>1</u>	<u>-</u>	<u>1</u>	
Total 2017	<u>1</u>	<u>-</u>	<u>1</u>	

6. RAISING FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Catering costs	49	-	49	48
Extended Services staff costs	124	-	124	101
	<u>173</u>	<u>-</u>	<u>173</u>	<u>149</u>
Total 2017	<u>149</u>	<u>-</u>	<u>149</u>	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. ACADEMY TRUST EDUCATIONAL OPERATIONS

	Total funds 2018 £000	Total funds 2017 £000
DIRECT COSTS		
Wages and salaries	787	773
National insurance	77	73
Pension cost	230	193
Depreciation	193	151
Educational supplies	85	100
Technology costs	25	12
Staff development	14	14
Other staffing costs	-	20
Educational consultancy	26	24
	<u>1,437</u>	<u>1,360</u>
SUPPORT COSTS		
Wages and salaries	406	374
National insurance	17	15
Pension cost	93	78
Pension finance cost (note 13)	20	17
Rent, rates and water	20	(4)
Light and heat	20	22
Maintenance of equipment	5	2
Cleaning	11	9
Insurance	22	20
Other support costs	34	28
Maintenance of premises	71	415
Travel and subsistence	3	2
Recruitment and support	1	1
Non recoverable VAT	4	9
Governance costs	16	21
	<u>743</u>	<u>1,009</u>
	<u><u>2,180</u></u>	<u><u>2,369</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. EXPENDITURE

	Staff costs	Premises	Other costs	Total	Total
	2018	2018	2018	2018	2017
	£000	£000	£000	£000	£000
Expenditure on raising voluntary income	128	-	45	173	149
Activities:					
Direct costs	1,090	179	168	1,437	1,360
Support costs	536	158	49	743	1,009
	<u>1,754</u>	<u>337</u>	<u>262</u>	<u>2,353</u>	<u>2,518</u>
Total 2017	<u>1,624</u>	<u>231</u>	<u>663</u>	<u>2,518</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the charity	193	151
Auditor's remuneration - audit	12	13
Auditor's remuneration - other services	3	7
Operating lease payments	5	4
Internal audit costs	1	1
	<u>1</u>	<u>1</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	1,289	1,221
Social security costs	97	91
Pension costs	345	290
	<u>1,731</u>	<u>1,602</u>
Supply teacher costs	3	5
Pension finance cost (note 13)	20	17
	<u>1,754</u>	<u>1,624</u>

b. Staff numbers

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

	2018	2017
	No.	No.
Teachers	21	21
Administration and support	53	50
Management	6	7
	<u>80</u>	<u>78</u>

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teachers	18	18
Administration and support	28	26
Management	6	6
	<u>52</u>	<u>50</u>

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £70,001 - £80,000	1	1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS (continued)

The above employee participates in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for this staff member amounted to £11,709 (2017: £11,594).

Key management personnel

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 employee benefits (including employer pension contributions and employers national insurance contributions) received by Key Management Personnel for their services to the Academy Trust was £396,793 (2017: £398,833).

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:

		2018	2017
		£000	£000
Mrs J McKay, Headteacher	Remuneration	70-75	70-75
	Pension contributions paid	10-15	10-15
Mrs N Roodhouse, Staff Governor	Remuneration	50-55	45-50
	Pension contributions paid	5-10	5-10
Miss K Price, Staff Governor	Remuneration	30-35	25-30
	Pension contributions paid	5-10	0-5

During the year ended 31 August 2018, expenses totalling £2,476 (2017 - £1,880) were reimbursed to 3 Trustees (2017 - 4).

Other related party transactions involving the Trustees are set out in note 25.

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 2018 was £391 (2017 - £588).

13. PENSION FINANCE COST

	2018	2017
	£000	£000
Interest income on pension scheme assets	29	17
Interest on pension scheme liabilities	(49)	(34)
	(20)	(17)

HALL ORCHARD BARROW CE PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Assets under construction £000	Office equipment £000	Computer equipment £000	Total £000
Cost					
At 1 September 2017	3,996	-	24	79	4,099
Additions	26	72	-	48	146
At 31 August 2018	<u>4,022</u>	<u>72</u>	<u>24</u>	<u>127</u>	<u>4,245</u>
Depreciation					
At 1 September 2017	279	-	14	57	350
Charge for the year	173	-	6	14	193
At 31 August 2018	<u>452</u>	<u>-</u>	<u>20</u>	<u>71</u>	<u>543</u>
Net book value					
At 31 August 2018	<u><u>3,570</u></u>	<u><u>72</u></u>	<u><u>4</u></u>	<u><u>56</u></u>	<u><u>3,702</u></u>
At 31 August 2017	<u><u>3,717</u></u>	<u><u>-</u></u>	<u><u>10</u></u>	<u><u>22</u></u>	<u><u>3,749</u></u>

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.

15. DEBTORS

	2018 £000	2017 £000
Prepayments and accrued income	39	172
VAT recoverable	17	28
	<u>56</u>	<u>200</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. CREDITORS: Amounts falling due within one year

	2018 £000	2017 £000
Other loans	8	5
Other taxation and social security	21	23
Other creditors	28	40
Accruals and deferred income	167	194
	<hr/>	<hr/>
	224	262
	<hr/>	<hr/>
	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September 2017	90	48
Resources deferred during the year	110	90
Amounts released from previous years	(90)	(48)
	<hr/>	<hr/>
Deferred income at 31 August 2018	110	90
	<hr/>	<hr/>

At the balance sheet date the Academy Trust was holding funds received in advance for trips, Universal Infant Free School Meals, afterschool club and pre-school funding in relation to the next academic year.

Included within other loans falling due within one year are three loans amounting to £8,044 (2017: £5,126) 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 (2017: £1,204) is repayable at an amount of £602 six monthly.

The second loan, the value of which is £2,792 (2017: £2,792) is repayable at an amount of £1,396 six monthly.

The third loan, the value of which is £1,130 (2017: £1,130) is repayable at an amount of £565 six monthly.

The fourth loan, the value of which is £2,918 (2017: £nil) is repayable at an amount of £1,459 six monthly.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018 £000	2017 £000
Other loans	45	54

Included within the above are amounts falling due as follows:

	2018 £000	2017 £000
Between two and five years		
Other loans	32	32
Over five years		
Other loans	13	22

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

	2018 £000	2017 £000
Repayable by instalments	13	22

Included within other loans falling due after more than one year are four loans amounting to £44,557 (2017: £54,057) 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 £5,419 (2017: £6,623) 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 £13,962 (2017: £16,755) 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 £6,215 (2017: £7,345) 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 £18,961 (2017: £23,334) is repayable at an amount of £1,459 six monthly. The loan will be fully repaid by September 2025.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Extended Services	68	128	(124)	-	-	72
Catering funds	-	49	(49)	-	-	-
Other unrestricted income	102	18	-	-	-	120
	<u>170</u>	<u>195</u>	<u>(173)</u>	<u>-</u>	<u>-</u>	<u>192</u>
Restricted funds						
General Annual Grant (GAG)	61	1,632	(1,516)	(54)	-	123
Pupil premium	-	59	(59)	-	-	-
Other DfE/ESFA grants	34	108	(108)	(19)	-	15
Other Government grants	-	130	(130)	-	-	-
Other income	-	53	(53)	-	-	-
Pension reserve	(743)	-	(121)	-	236	(628)
	<u>(648)</u>	<u>1,982</u>	<u>(1,987)</u>	<u>(73)</u>	<u>236</u>	<u>(490)</u>
Restricted funds - Class II						
Net book value of fixed assets	3,749	79	(193)	67	-	3,702
Salix Loans	(59)	-	-	6	-	(53)
	<u>3,690</u>	<u>79</u>	<u>(193)</u>	<u>73</u>	<u>-</u>	<u>3,649</u>
Total restricted funds	<u>3,042</u>	<u>2,061</u>	<u>(2,180)</u>	<u>-</u>	<u>236</u>	<u>3,159</u>
Total of funds	<u>3,212</u>	<u>2,256</u>	<u>(2,353)</u>	<u>-</u>	<u>236</u>	<u>3,351</u>

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

Unrestricted funds

Unrestricted funds are to be used towards meeting any of the charitable objectives of the Academy at the discretion of the Trustees.

General Annual Grant (GAG)

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

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 2018. Transfers of £54,000 from GAG funding to

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS (continued)

the restricted fixed asset fund represents contributions towards kitchen refurbishment, 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
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18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
General 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 funds - Class II						
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>3,006</u>	<u>2,612</u>	<u>(2,518)</u>	<u>-</u>	<u>112</u>	<u>3,212</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Extended Services	68	229	(225)	-	-	72
Catering funds	-	97	(97)	-	-	-
Other unrestricted income	94	26	-	-	-	120
	<u>162</u>	<u>352</u>	<u>(322)</u>	<u>-</u>	<u>-</u>	<u>192</u>
Restricted funds						
General Annual Grant (GAG)	132	3,150	(3,001)	(158)	-	123
Pupil premium	-	124	(124)	-	-	-
Other DfE/ESFA grants	-	556	(522)	(19)	-	15
Other Government grants	-	221	(221)	-	-	-
Other income	-	115	(115)	-	-	-
Pension reserve	(773)	-	(203)	-	348	(628)
	<u>(641)</u>	<u>4,166</u>	<u>(4,186)</u>	<u>(177)</u>	<u>348</u>	<u>(490)</u>
Restricted funds - Class II						
Net book value of fixed assets	3,519	350	(344)	177	-	3,702
CIF loan	(40)	-	(19)	6	-	(53)
Unspent capital grants	6	-	-	(6)	-	-
	<u>3,485</u>	<u>350</u>	<u>(363)</u>	<u>177</u>	<u>-</u>	<u>3,649</u>
	<u>2,844</u>	<u>4,516</u>	<u>(4,549)</u>	<u>-</u>	<u>348</u>	<u>3,159</u>
Total of funds	<u><u>3,006</u></u>	<u><u>4,868</u></u>	<u><u>(4,871)</u></u>	<u><u>-</u></u>	<u><u>348</u></u>	<u><u>3,351</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	3,702	3,702
Current assets	192	354	-	546
Creditors due within one year	-	(216)	(8)	(224)
Creditors due in more than one year	-	-	(45)	(45)
Pension scheme liability	-	(628)	-	(628)
	<u>192</u>	<u>(490)</u>	<u>3,649</u>	<u>3,351</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	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)
	<u>170</u>	<u>(648)</u>	<u>3,690</u>	<u>3,212</u>

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

	2018 £000	2017 £000
Net (expenditure)/income for the year	(97)	94
Adjustment for:		
Depreciation of tangible fixed assets	193	151
Dividends, interest and rents from investments	-	1
Decrease in debtors	144	12
(Decrease)/increase in creditors	(38)	145
Capital grants from DfE	(10)	(622)
Defined benefit pension scheme cost less contributions payable	98	65
Defined benefit pension scheme finance cost	20	17
Net cash provided by/(used in) operating activities	<u>310</u>	<u>(137)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash in hand	490	322
Total	<u>490</u>	<u>322</u>

22. CAPITAL COMMITMENTS

At 31 August 2018 the academy had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	<u>511</u>	<u>-</u>

23. 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 £28,000 were payable to the schemes at 31 August 2018 (2017 - £27,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

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

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 period amounted to £127,000 (2017 - £125,000).

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 2018 was £146,000 (2017 - £124,000), of which employer's contributions totalled £117,000 (2017 - £99,000) and employees' contributions totalled £29,000 (2017 - £25,000). 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.30 %	3.40 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %
Inflation assumption (CPI)	2.30 %	2.40 %

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	23.8
Females	26.2	26.2

Sensitivity analysis	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	(52)	(49)
Discount rate -0.1%	52	49
Mortality assumption - 1 year increase	76	73
Mortality assumption - 1 year decrease	(76)	(73)
CPI rate +0.1%	40	36
CPI rate -0.1%	(40)	(36)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	794	730
Gilts	346	218
Property	115	87
Cash	25	55
Total market value of assets	<u>1,280</u>	<u>1,090</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

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

	2018	2017
	£000	£000
Current service cost	(218)	(164)
Interest income	29	17
Interest cost	(49)	(34)
	<hr/>	<hr/>
Total	(238)	(181)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	55	197
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£000	£000
Opening defined benefit obligation	1,833	1,548
Current service cost	218	164
Interest cost	49	34
Employee contributions	29	25
Actuarial (gains)/losses	(210)	68
Benefits paid	(11)	(6)
	<hr/>	<hr/>
Closing defined benefit obligation	1,908	1,833
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£000	£000
Opening fair value of scheme assets	1,090	775
Interest income	29	17
Actuarial gains	26	180
Employer contributions	117	99
Employee contributions	29	25
Benefits paid	(11)	(6)
	<hr/>	<hr/>
Closing fair value of scheme assets	1,280	1,090
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£000	£000
Amounts payable:		
Within 1 year	3	3
Between 1 and 5 years	7	2
Total	10	5

25. 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 in accordance with the requirements of the Academies Financial Handbook and relating to connected and related party transactions with the Trust's financial regulations and normal procurement procedures

No related party transactions took place in the year ended 31 August 2018, other than certain Trustees' remuneration and expenses already disclosed in note 11.

26. CONTROLLING PARTY

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

27. COMPANY LIMITED BY GUARANTEE

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

28. 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.