

Registered number: 08076310 (England and Wales)

**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**

**(A company limited by guarantee)**

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

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**Members**

Mr Nicholas Towers  
Mrs Dawn Pateman  
Mrs Natalie Grewcock

**Trustees / Governors**

Mr David Walker, Chair of Trustees and Community Trustee  
Mrs Jacqueline Stretton, Vice Chair of Trustees and Parent Trustee  
Mrs Jillian Matthews, Staff Trustee  
Mrs Rachel Cumberlidge, Headteacher and Accounting Officer  
Mrs Dawn Pateman, Community Trustee  
Mrs Jacqueline Stretton, Parent Trustee  
Mrs Ruth Sansome, Parent Trustee  
Mrs Vivienne Swain, Parent Trustee  
Miss Samantha Milne, Staff Trustee  
Mrs Ella Oliver, Staff Trustee  
Mr Martin Towers, Community Trustee (appointed 22 March 2017)  
Mrs Louise Ingram, Parent Trustee (appointed 22 March 2017)  
Mrs Rosemary Baker, Community Trustee (appointed 5 July 2017)  
Mr Nicholas Towers, Chair of Trustees and Parent Trustee (resigned 15 December 2016)  
Mr Matthew Jones, Community Trustee (resigned 4 April 2017)

**Company Secretary**

Mrs Ella Oliver

**Senior Management Team**

Mrs Rachel Cumberlidge (Headteacher)  
Mrs Jillian Matthews (Assistant Headteacher)  
Mrs Ella Oliver (Office Manager)

**Company Name**

Huncote Community Primary School Academy Trust

**Principal and registered office**

Huncote Community Primary School Academy Trust  
Denman Lane  
Huncote  
Leicestershire  
LE9 3BS

**Company registered number**

08076310 (England and Wales)

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

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**Independent Auditor**

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

**Bankers**

Lloyds TSB  
13 Crossways House  
Lutterworth Road  
Blaby  
Leicestershire  
LE8 4DD

**Solicitors**

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates an academy for pupils aged 4 to 11 serving a catchment area in Huncote, Leicestershire. It has a pupil capacity of 175 and had a roll of 178 in the school census on 6 October 2017.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

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

The Trustees of Huncote Community Primary School Academy Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Huncote Community Primary School Academy Trust.

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

### **Members Liability**

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

### **Trustees' Indemnities**

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 £227.

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

Recruitment of Trustees is outlined in the memorandum and articles of association. The appointment of staff Trustees is via a process of a staff ballot. Appointment of parent trustees is made via a parent ballot.

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

Trustee induction training alongside a menu of extensive specialised training is available through the local network of schools to support all new Trustees. The Academy buys into the LA Governor Development Service who offer further Trustee training. A skills matrix is being developed to identify areas of strength and weakness.

### **Organisational Structure**

The Academy management structure consists of two levels: the Trustees and the Headteacher/Senior Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Headteacher is the Accounting Officer. The Trustees are responsible for setting general policy, adopting an annual improvement plan, approving the annual budget, monitoring the Academy by

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

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the use of budgets and making major decisions about the direction of the Academy, capital expenditure and staff appointments. Specific responsibilities of the committees are outlined in the relevant Terms of Reference.

The Trustees meet annually to receive the annual accounts. The Full Governing Body meets at least 4 times per year and at each meeting they receive the minutes and reports of the 3 sub-committees:

1. Personnel, Finance & Audit – which meets at least 3 times per year;
2. Teaching & Learning – which meets at least 3 times a year; and
3. Premises, Health & Safety – which meets at least 3 times a year.

The day-to-day management of the school is delegated to the Headteacher who has appointed a Leadership Team who meet weekly to discuss both strategic and day-to-day responsibilities. A scheme of delegation has been approved which provides a clear line of responsibilities at all levels.

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

An independent educational advisor is appointed each year to support the Trustees in performance managing the Headteacher and deciding on whether the Headteacher is eligible for a pay rise (November each year).

#### **Related parties and other connected charities and organisations**

The Academy is an independent company in all respects. We work as part of a Primary Partnership, a collaborative network of local primary schools and a local Teaching School Alliance to support the continuing improvement of our schools.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects and Aims**

The principal objective of the charitable company is to provide education for pupils of different abilities between the ages of 4 and 11. Huncote Community Primary School Academy Trust is about 'Learning for Life: Aiming high in all we do'. The aims of the Academy are summarised below:

- Provide a vibrant, stimulating and caring environment;
- Encourage our children to thrive academically, socially and emotionally;
- Engage our children in a creative, inspiring and inclusive curriculum;
- Motivate and inspire our children for a life-long love of learning;
- Work together within our school community to prepare our children for the challenges of modern life; and
- Provide and promote a safe philosophy for the whole school community.

These aims are realised through effective working partnerships between staff, pupils, parents, governors, other schools, the Local Authority and the wider community. They are present through all school life and practice.

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

Huncote Community Primary School Academy Trust is a smaller than average sized primary school for pupils aged 4 – 11. It converted to Academy status on 1 July 2012. Most students are white British and a below average proportion is from minority ethnic heritages. The proportion of students with special needs is 12% and there is currently two students with a Special Educational Need statement. Huncote Community Primary School Academy Trust was inspected in September 2014 and judged to be good with outstanding features.

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

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Huncote Community Primary School Academy Trust has an outstanding reputation as a provider of quality education, sitting at the heart of the community with a firm commitment to ensuring that all of our students feel secure and challenged during their time in school. Our aim is to make everyone feel engaged and excited by learning and to experience the pleasure of achieving personal goals as well as working together as active and valued members of our school.

We are committed to creating and maintaining a working environment where students are keen to learn and respond positively to differing needs and priorities with the right balance of support and challenge. In so doing we believe that all our students have every opportunity to leave our school as confident, articulate and socially adept members of society. We aim to work effectively and proactively with home to provide the quality of education that our students need and deserve.

Our priorities during the period of this report have been:

- To continue to immerse children in the new primary curriculum.
- To prepare children for statutory tests.
- To settle children into EYFS and accelerate learning from a low baseline.
- To create some succession within the staff for key roles.
- To devolve leadership to key personnel.

**Public Benefit**

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The Trustees believe that the Academy's admissions policy and its achievements and performance in the year (as outlined below) provide clear evidence that the Academy is meeting its obligations as a charity to deliver public benefit.

**STRATEGIC REPORT**

**Achievements and Performance**

Children made good progress in the Foundation Stage from their baseline entry point.

GLD 65%    National 70.7%    Av points 34.7    National 34.5

Year 1 Phonics:

Year 1 pupils pass rate 72% National average 81%.

Children at the end of KS1:

Reading 67% at or above    national 76%    at greater depth 38% national 25%

Writing 63% at or above    national 68%    at greater depth 17% national 16%

Maths 67% at or above    national 77%    at greater depth 25% national 21%

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

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Children at the end of KS2:

Children made progress that was in line with all schools nationally in Reading and Writing. In these areas (Reading and Writing) the school was above floor targets. Maths progress was below floor (or classed as coasting when mobility pupils are removed from the data). Our combined attainment measures rose slightly compared to last year but is still below national. The school has a target in the new academic year to address the area of Mathematics to raise this attainment in line with the other subjects.

Above in r, w and m	46%	national 61%	at greater depth 7%	national 9%
Reading	64%	national 71%	at greater depth 25%	national 25%
Maths	54%	national 75%	at greater depth 7%	national 23%
Grammar	75%	national 77%	at greater depth 25%	national 31%
Writing	79%	national 76%	at greater depth 18%	national 18%

We are pleased to say that our results across the school were good in all areas apart from Mathematics and compared favourably in all the other areas to Leicestershire and national scores.

#### **Key Financial Performance Indicators**

The Finance Sub-Committee at Huncote Community Primary School Academy Trust review financial performance indicators through three budget monitoring exercises per year where the current financial position is scrutinised. This in turn is presented to the Full Trustee meeting three times a year with a commentary. In conjunction with this, financial indicators based upon current vs historic spending totals / per-pupil are also scrutinised.

#### **Going Concern**

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

#### **FINANCIAL REVIEW**

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

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), any received grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Academy Trust practices through its Board, namely the Governing Body and the constituted sub-committees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

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

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The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

### **Reserves Policy**

The Academy's "free reserves" are its funds after excluding restricted funds. "Free reserves" are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically "free reserves" represent income to the Academy which is to be spent at the Trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated. The Trustees review the reserve levels of the Academy in Personnel, Finance and Audit Committee meetings which take place regularly throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets, restricted funds and the pension reserve) is £111,000 which is less than advised. The Academy and the Trustees are aware of the significant pension fund deficit for the Local Government Pension Scheme (LGPS). This however does not mean that this is an immediate liability as employer contributions have been set at a level which responds to the deficit level and will be reviewed every 3 years to ensure that this continues to be the case.

### **Reserves Policy (continued)**

At 31 August 2017 the total funds comprised:

Unrestricted		£111,000
Restricted:	Fixed asset funds	£1,356,000
	Pension reserve	£(295,000)
	Other	£10,000
		<u>£1,182,000</u>

### **Investment Policy**

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. In addition, the Academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

### **Principal Risks and Uncertainties**

The principal risks facing the Academy are included in the Risk Register and Management Plan and include:

- Strategic and Reputational Risks
- Operational Risks
- Compliance Risk
- Financial Risks

Control measures are in place to manage the identified risks, the key risks being that of reduced pupil numbers, that affect the level of funding and future Government cuts. Active promotion of the Academy is maintained and budgets monitored carefully over a 3 year period to manage any reduction in funding.

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

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**PLANS FOR FUTURE PERIODS**

- To continue to seek to improve the levels of performance of our children at all levels.
- Continue to improve the learning environment of the whole school building in relation to replacement windows.
- Ensuring that extended questioning techniques which promote higher order and divergent thinking is used consistently by all teachers.
- Encouraging risk taking and creativity in teaching to inspire learners and provide role models for learners to do the same.
- Developing and embedding learner independence in lessons across the curriculum.
- Ensure that any rising roll can be catered for within the present school building whilst retaining the quality of education provided.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The school does not hold any such funds on behalf of any other organisation.

**AUDITOR**

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company.

directors, on 13 December 2017 and signed on the Board's behalf by:

.....  
**Mr D Walker**  
Chair of Trustees

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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**SCOPE OF RESPONSIBILITY**

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 Huncote Community Primary School Academy Trust 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 4 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>		<b>Meetings attended</b>	<b>Out of a possible</b>
Nicholas Towers	Chair (resigned 15 December 2016)	2	2
David Walker	Chair (was Vice Chair)	4	4
Jacqueline Stretton	Vice Chair	4	4
Dawn Pateman		3	4
Matthew Jones	(Resigned 4 April 2017)	2	3
Jill Matthews	Staff Trustee	4	4
Louise Ingram		2	2
Ella Oliver	Staff Trustee	4	4
Martin Towers		1	2
Rosemary Baker		1	1
Ruth Sansome		4	4
Samantha Milne	Staff Trustee	4	4
Vivienne Swain		3	4
Rachel Cumberlidge	Headteacher and Accounting Officer	4	4

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

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

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**Governance reviews**

The Governing Body has set up a GSET group that has begun to use the GSET evaluation tool to evaluate their role. From this evaluation they have prioritised their weakest area and have worked together to lead the work the Governing Body has done to address this. A governor monitoring system was set up and key governor roles drawn up and assigned to various governors.

The Personnel, Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- To assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity;
- To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis;
- Major issues will be referred to the full Governing Body for ratification.

Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
David Walker	3	3
Dawn Pateman	3	3
Jill Matthews	3	3
Ella Oliver	2	2
Jacqueline Stretton	3	3
Martin Towers	1	2
Viv Swain	2	3
Rachel Cumberlidge	3	3

**REVIEW OF VALUE FOR MONEY**

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

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

- ensuring all financial transactions represent value for money and obtaining several quotes for work costing over £5,000;
  - the avoidance of waste and extravagance;
  - the establishment and maintenance of a system of financial governance, including sound internal
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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting;

- the economic, efficient and effective use of all the resources in their charge to produce better educational results.

#### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Huncote Community Primary School Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

#### **CAPACITY TO HANDLE RISK**

The 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 period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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 Personnel, Finance and Audit 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 Leicestershire County Council as internal auditor.

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

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

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

On an annual basis, the auditor reports to the Board of Trustees, through the Personnel, Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

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

- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 13 December 2017 and signed on its behalf by:

.....  
**Mr David Walker**  
Chair of Trustees

.....  
**Mrs Rachel Cumberlidge**  
Accounting Officer

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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As Accounting Officer of Huncote Community Primary School Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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

.....  
**Mrs Rachel Cumberlidge**  
Accounting Officer

13 December 2017

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees (who act as Governors of Huncote Community Primary School Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law.

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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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:

.....  
**D Walker**  
Chair of Trustees

13 December 2017

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**

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**OPINION**

We have audited the financial statements of Huncote Community Primary School Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**

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**OTHER INFORMATION**

The Trustees are responsible for other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' Report including the Strategic Report for the financial year 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 Governors' 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' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**

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**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' Responsibilities, set out on page 14, 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust's or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

Robert Nelson BA FCA DChA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

11 Merus Court  
Meridian Business Park  
LE19 1RJ

Date: 19 December 2017

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HUNCOTE  
COMMUNITY PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING  
AGENCY**

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

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

**RESPECTIVE RESPONSIBILITIES OF HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST'S  
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Huncote Community Primary School Academy Trust's funding agreement with the Secretary of State for Education dated 29 June 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

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

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

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

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

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HUNCOTE  
COMMUNITY PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING  
AGENCY (continued)**

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The work undertaken to draw our conclusions includes:

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

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

11 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

Date: 19 December 2017

**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>INCOME FROM:</b>						
Donations and capital grants Funding for the Academy	2	1	-	5	6	329
Trust's educational activities	3	-	790	6	796	739
Other trading activities	4	30	-	-	30	29
<b>TOTAL INCOME</b>		<b>31</b>	<b>790</b>	<b>11</b>	<b>832</b>	<b>1,097</b>
<b>EXPENDITURE ON:</b>						
Raising funds	5	12	-	-	12	9
Academy Trust educational operations		1	799	44	844	787
<b>TOTAL EXPENDITURE</b>	6	<b>13</b>	<b>799</b>	<b>44</b>	<b>856</b>	<b>796</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
		18	(9)	(33)	(24)	301
Transfers between Funds	16	-	(22)	22	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		18	(31)	(11)	(24)	301
Actuarial (losses)/gains on defined benefit pension schemes	20	-	82	-	82	(67)
<b>NET MOVEMENT IN FUNDS</b>		<b>18</b>	<b>51</b>	<b>(11)</b>	<b>58</b>	<b>234</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		93	(336)	1,367	1,124	890
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>111</b>	<b>(285)</b>	<b>1,356</b>	<b>1,182</b>	<b>1,124</b>

The notes on pages 23 to 47 form part of these financial statements.

**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08076310**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£000	2017 £000	2016 £000
<b>FIXED ASSETS</b>				
Tangible assets	13		1,356	1,366
<b>CURRENT ASSETS</b>				
Debtors	14	28		20
Cash at bank and in hand		148		147
		<u>176</u>		<u>167</u>
<b>CREDITORS:</b> amounts falling due within one year	15	(55)		(63)
<b>NET CURRENT ASSETS</b>			<u>121</u>	<u>104</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
Defined benefit pension scheme liability	20		(295)	(346)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>1,182</u></u>	<u><u>1,124</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted income funds:				
Restricted income funds	16	10		10
Restricted fixed asset funds	16	1,356		1,367
Restricted income funds excluding pension liability		<u>1,366</u>		<u>1,377</u>
Pension reserve		(295)		(346)
Total restricted income funds			<u>1,071</u>	<u>1,031</u>
Unrestricted income funds	16		<u>111</u>	<u>93</u>
<b>TOTAL FUNDS</b>			<u><u>1,182</u></u>	<u><u>1,124</u></u>

The financial statements on pages 20 to 47 were approved by the Trustees, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:

.....  
**Mr D Walker**  
Chair of Trustees

.....  
**Mrs R Cumberlidge**  
Accounting Officer

The notes on pages 23 to 47 form part of these financial statements.

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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	<b>Note</b>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	<u>29</u>	<u>48</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(34)	(367)
Capital grants from DfE/ESFA		6	-
Donated assets from Local Authority		-	329
<b>Net cash used in investing activities</b>		<u>(28)</u>	<u>(38)</u>
<b>Change in cash and cash equivalents in the year</b>		1	10
Cash and cash equivalents brought forward		<u>147</u>	<u>137</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>148</u></u>	<u><u>147</u></u>

The notes on pages 23 to 47 form part of these financial statements.

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

It is a company limited by guarantee incorporated in England. The address of the registered office and principal place of operation are detailed on Page 1. The nature of the Academy Trust's operations and principal activity are detailed in the Governors' report.

The Financial Statements are prepared in £ Sterling, the functional currency, rounded to the nearest £1,000.

**1.2 Going concern**

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

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

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

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

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

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

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

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

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**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 Tangible fixed assets and depreciation**

All assets costing more than £750 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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:

Leasehold land	-	0.8% straight line per annum
Long leasehold property	-	2% and 10% straight line per annum
Furniture, fixtures and equipment	-	10% straight line per annum
Computer equipment	-	33.33% straight line per annum
Property improvements	-	10% 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.

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Operating leases**

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

**1.7 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.

**1.8 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 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**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 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Critical accounting estimates and areas of judgment**

Estimates and judgments 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 13 for the carrying amount of fixed assets, and note 1.5 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**1.12 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funder and include grants from Education and Skills Funding Agency where the asset acquired or created is held for a specific purpose.

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

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

**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

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

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

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donated assets from Local Authority	-	-	-	-	329
PTA donations	1	-	5	6	-
	<u>1</u>	<u>-</u>	<u>5</u>	<u>6</u>	<u>329</u>
<i>Total 2016</i>	<u>-</u>	<u>-</u>	<u>329</u>	<u>329</u>	

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

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	675	675	634
Pupil Premium	-	34	34	34
Devolved Formula Capital (DFC)	-	6	6	6
Other ESFA/DfE grants	-	35	35	38
	<u>-</u>	<u>750</u>	<u>750</u>	<u>712</u>
<b>Other government grants</b>				
Local Authority grants	-	20	20	10
	<u>-</u>	<u>20</u>	<u>20</u>	<u>10</u>
<b>Other funding</b>				
Trips and parental contributions	-	22	22	17
Insurance claims	-	4	4	-
	<u>-</u>	<u>26</u>	<u>26</u>	<u>17</u>
	<u>-</u>	<u>796</u>	<u>796</u>	<u>739</u>
<i>Total 2016</i>	<u>-</u>	<u>739</u>	<u>739</u>	

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**4. OTHER TRADING ACTIVITIES**

	<b>Unrestricted funds 2017 £000</b>	<b>Restricted funds 2017 £000</b>	<b>Total funds 2017 £000</b>	<b>Total funds 2016 £000</b>
Rental income	15	-	15	12
Fundraising income	1	-	1	2
Catering income	10	-	10	8
Other income	4	-	4	7
	<u>30</u>	<u>-</u>	<u>30</u>	<u>29</u>
<i>Total 2016</i>	<u>29</u>	<u>-</u>	<u>29</u>	

**5. RAISING FUNDS**

	<b>Unrestricted funds 2017 £000</b>	<b>Restricted funds 2017 £000</b>	<b>Total funds 2017 £000</b>	<b>Total funds 2016 £000</b>
Catering costs	9	-	9	6
Voluntary income staff costs	3	-	3	3
	<u>12</u>	<u>-</u>	<u>12</u>	<u>9</u>
<i>Total 2016</i>	<u>9</u>	<u>-</u>	<u>9</u>	

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**6. EXPENDITURE**

	<b>Staff costs</b>	<b>Premises</b>	<b>Other costs</b>	<b>Total</b>	<b>Total</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Expenditure on raising voluntary income	-	3	9	12	9
Activities:					
Direct costs	531	-	71	602	552
Support costs	86	-	156	242	235
	<u>617</u>	<u>3</u>	<u>236</u>	<u>856</u>	<u>796</u>
<i>Total 2016</i>	<u>571</u>	<u>75</u>	<u>150</u>	<u>796</u>	

In 2016, of the total expenditure on charitable educational activities of £796,000, £9,000 was from unrestricted funds and £787,000 from restricted funds.

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**7. ACADEMY TRUST EDUCATIONAL OPERATIONS**

	<b>Total funds 2017 £000</b>	Total funds 2016 £000
<b>DIRECT COSTS</b>		
Wages and salaries	395	383
National insurance	32	23
Pension cost	93	71
Depreciation	44	42
Educational supplies	11	9
Staff development	7	8
Other direct costs	15	11
Insurance	5	5
	<b>602</b>	552
<b>SUPPORT COSTS</b>		
Wages and salaries	67	65
National insurance	4	4
Pension cost	14	13
Pension finance cost (note 12)	8	10
Travel and subsistence	3	1
Maintenance of premises and equipment	19	22
Cleaning	10	8
Rent and rates	6	6
Energy costs	9	7
Insurance	6	5
Catering	24	28
Legal and professional	15	16
Other support costs	50	43
Governance costs	7	7
	<b>242</b>	235
	<b>844</b>	787

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**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2017</b>	2016
	<b>£000</b>	£000
Depreciation of tangible fixed assets - owned by the charity	<b>44</b>	42
Auditors' remuneration - audit	<b>6</b>	6
Auditors' remuneration - other services	<b>1</b>	1
Internal audit costs	<b>1</b>	1
Operating lease rentals	<b>2</b>	2
	<u><u>          </u></u>	<u><u>          </u></u>

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**9. STAFF COSTS**

Staff costs were as follows:

	<b>2017</b>	2016
	<b>£000</b>	£000
Wages and salaries	<b>465</b>	451
Social security costs	<b>37</b>	26
Operating costs of defined benefit pension schemes	<b>107</b>	84
	<u><b>609</b></u>	<u>561</u>
Pension finance cost (note 12)	<b>8</b>	10
	<u><b>617</b></u>	<u>571</u>

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

	<b>2017</b>	2016
	<b>No.</b>	No.
Teaching	<b>7</b>	9
Administration and support	<b>20</b>	19
Management	<b>3</b>	3
	<u><b>30</b></u>	<u>31</u>

Average headcount expressed as a full time equivalent:

	<b>2017</b>	2016
	<b>No.</b>	No.
Teaching	<b>6</b>	7
Administration and support	<b>9</b>	8
Management	<b>3</b>	3
	<u><b>18</b></u>	<u>18</u>

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

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

The above employee participated in the Teachers' Pension Scheme. The pension contributions during the year in respect of these employees amounted to £Nil (2016 - £8,988).

The Key Management Personnel of the Academy Trust comprise the Staff Trustees and the Senior Leadership Team as listed on page 1. The total amount of employer benefits (including employer pension contributions) received by Key Management Personnel for their services to the Academy Trust was £147,597 (2016 - £155,908).

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**10. 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 Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher 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:

		<b>2017</b>	2016
		<b>£000</b>	£000
R Cumberlidge	Remuneration	<b>55-60</b>	60-65
	Pension contributions paid	<b>5-10</b>	5-10
J Matthews	Remuneration	<b>45-50</b>	50-55
	Pension contributions paid	<b>5-10</b>	5-10
L Owen	Remuneration	-	5-10
	Pension contributions paid	-	0-5
S Milne	Remuneration	<b>0-5</b>	0-5
E Oliver	Remuneration	<b>20-25</b>	10-15
	Pension contributions paid	<b>0-5</b>	0-5

During the year, 1 Trustee received reimbursement of expenses of £105 (2016 - £4).

Other related party transactions involving the Trustees are set out in note 22.

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

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2017 was £227 (2016 - £197).

**12. PENSION FINANCE COST**

	<b>2017</b>	2016
	<b>£000</b>	£000
Interest income on pension scheme assets	<b>7</b>	10
Interest on pension scheme liabilities	<b>(15)</b>	(20)
	<b>(8)</b>	(10)

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**13. TANGIBLE FIXED ASSETS**

	Long leasehold property £000	Property improvements £000	Fixtures and fittings £000	Computer equipment £000
<b>Cost</b>				
At 1 September 2016	1,314	114	10	35
Additions	-	-	25	9
At 31 August 2017	<u>1,314</u>	<u>114</u>	<u>35</u>	<u>44</u>
<b>Depreciation</b>				
At 1 September 2016	70	13	2	22
Charge for the year	22	11	2	9
At 31 August 2017	<u>92</u>	<u>24</u>	<u>4</u>	<u>31</u>
<b>Net book value</b>				
At 31 August 2017	<u>1,222</u>	<u>90</u>	<u>31</u>	<u>13</u>
At 31 August 2016	<u>1,244</u>	<u>101</u>	<u>8</u>	<u>13</u>

	<b>Total £000</b>
<b>Cost</b>	
At 1 September 2016	1,473
Additions	34
At 31 August 2017	<u>1,507</u>
<b>Depreciation</b>	
At 1 September 2016	107
Charge for the year	44
At 31 August 2017	<u>151</u>
<b>Net book value</b>	
At 31 August 2017	<u>1,356</u>
At 31 August 2016	<u>1,366</u>

Included in long leasehold property is land valued at £435,100 on conversion in 2013 by Andrea Hopkins MRICS, Leicestershire County Council, using the depreciation replacement method. The Trustees consider that the valuation remains appropriate for the purposes of these financial statements. The freehold of this land and buildings is owned by Leicestershire County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 2013.

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**14. DEBTORS**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	1	1
VAT recoverable	5	2
Prepayments and accrued income	22	17
	28	20
	28	20

**15. CREDITORS: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Taxation and social security	9	10
Other creditors	10	10
Accruals and deferred income	36	43
	55	63
	55	63

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred income</b>		
Deferred income at 1 September 2016	17	17
Resources deferred during the year	18	17
Amounts released from previous years	(17)	(17)
	18	17
	18	17

At the balance sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals and trip income in relation to the next academic year.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. STATEMENT OF FUNDS**

	Brought forward £000	Income £000	Resources expended £000	Transfers in/(out) £000	Gains/ (losses) £000	Carried forward £000
<b>Unrestricted funds</b>						
Unrestricted funds	93	31	(13)	-	-	111
<b>Restricted funds</b>						
General Annual Grant (GAG)	4	675	(653)	(16)	-	10
Other ESFA/DfE grants	-	69	(69)	-	-	-
Local Authority grants	-	20	(20)	-	-	-
Other income	-	26	(26)	-	-	-
Devolved Formula Capital	6	-	-	(6)	-	-
Pension reserve	(346)	-	(31)	-	82	(295)
	<u>(336)</u>	<u>790</u>	<u>(799)</u>	<u>(22)</u>	<u>82</u>	<u>(285)</u>
<b>Restricted fixed asset funds</b>						
Net book value of assets	1,366	-	(44)	34	-	1,356
Condition Improvement Funding	1	-	-	(1)	-	-
Capital grants	-	6	-	(6)	-	-
PTA donation	-	5	-	(5)	-	-
	<u>1,367</u>	<u>11</u>	<u>(44)</u>	<u>22</u>	<u>-</u>	<u>1,356</u>
Total restricted funds	<u>1,031</u>	<u>801</u>	<u>(843)</u>	<u>-</u>	<u>82</u>	<u>1,071</u>
Total of funds	<u><u>1,124</u></u>	<u><u>832</u></u>	<u><u>(856)</u></u>	<u><u>-</u></u>	<u><u>82</u></u>	<u><u>1,182</u></u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Brought forward £000	Income £000	Resources expended £000	Transfers in/(out) £000	Gains/ (losses) £000	Carried forward £000
<b>Unrestricted funds</b>						
Unrestricted funds	73	29	(9)	-	-	93
	<u>73</u>	<u>29</u>	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>93</u>

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**16. STATEMENT OF FUNDS (continued)**

**Restricted funds**

General Annual Grant (GAG)	-	634	(626)	(4)	-	4
Other ESFA/DfE grants	-	38	(38)	-	-	-
Pupil Premium	-	34	(34)	-	-	-
Capital grants	38	-	(3)	(35)	-	-
Local Authority grants	-	10	(10)	-	-	-
Other income	-	17	(17)	-	-	-
Devolved Formula Capital	-	6	-	-	-	6
Pension reserve	(262)	-	(17)	-	(67)	(346)
	(224)	739	(745)	(39)	(67)	(336)

**Restricted fixed asset funds**

Net book value of assets	1,041	329	(42)	38	-	1,366
Condition Improvement Funding	-	-	-	1	-	1
	1,041	329	(42)	39	-	1,367
Total restricted funds	817	1,068	(787)	-	(67)	1,031
Total of funds	890	1,097	(796)	-	(67)	1,124

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

**General Annual Grant (GAG)**

Funds from the Education 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 2017.

Transfers of £22,000 from restricted funds to the restricted fixed asset fund represents contributions towards property improvements, plant and machinery, furniture and equipment, computer equipment and future fixed asset purchases.

**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 their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

**Other income**

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

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**16. STATEMENT OF FUNDS (continued)**

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. Plans are in place to address the deficit.

**Restricted fixed asset funds**

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 CIF 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.

**Capital grants**

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education 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.

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

	<b>Unrestricted funds 2017 £000</b>	<b>Restricted funds 2017 £000</b>	<b>Restricted fixed asset funds 2017 £000</b>	<b>Total funds 2017 £000</b>
Tangible fixed assets	-	-	1,356	1,356
Current assets	111	65	-	176
Creditors due within one year	-	(55)	-	(55)
Provisions for liabilities and charges	-	(295)	-	(295)
	<u>111</u>	<u>(285)</u>	<u>1,356</u>	<u>1,182</u>

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**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016 £000	2016 £000	2016 £000	2016 £000
Tangible fixed assets	-	-	1,366	1,366
Current assets	93	73	1	167
Creditors due within one year	-	(63)	-	(63)
Provisions for liabilities and charges	-	(346)	-	(346)
	<u>93</u>	<u>(336)</u>	<u>1,367</u>	<u>1,124</u>

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

	2017 £000	2016 £000
Net (expenditure)/income for the year	(24)	301
<b>Adjustment for:</b>		
Depreciation charges	45	42
(Increase)/decrease in debtors	(8)	14
(Decrease)/increase in creditors	(9)	3
Capital grants from DfE and other capital income	(6)	(329)
Defined benefit pension scheme cost less contributions payable	23	7
Defined benefit pension scheme finance cost	8	10
<b>Net cash provided by operating activities</b>	<u>29</u>	<u>48</u>

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

	2017 £000	2016 £000
Cash in hand	148	147
Total	<u>148</u>	<u>147</u>

**20. 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.

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**20. PENSION COMMITMENTS (continued)**

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 £9,963 were payable to the schemes at 31 August 2017 (2016 - 9,611) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.8% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

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**20. PENSION COMMITMENTS (continued)**

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuationreport.aspx>

**Scheme Changes**

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £42,000 (2016 - £37,000), of which employer's contributions totalled £33,000 (2016 - £29,000) and employees' contributions totalled £9,000 (2016 - £8,000). The agreed contribution rates for future years are 23.8% for employers and between 5.5% and 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.

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**20. 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:

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

<b>Sensitivity analysis</b>	<b>At 31 August</b>	<b>At 31 August</b>
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Discount rate +0.1%	(18)	(19)
Discount rate -0.1%	18	19
Mortality assumption - 1 year increase	27	15
Mortality assumption - 1 year decrease	(27)	(15)
CPI rate +0.1%	14	10
CPI rate -0.1%	(14)	(10)

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

	<b>Fair value at</b>	<b>Fair value at</b>
	<b>31 August</b>	<b>31 August</b>
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Equities	263	235
Debt instruments	78	59
Property	31	30
Cash	20	3
	<hr/>	<hr/>
Total market value of assets	<b>392</b>	<b>327</b>
	<hr/> <hr/>	<hr/> <hr/>

**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

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

**20. PENSION COMMITMENTS (continued)**

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

	<b>2017</b> <b>£000</b>	2016 £000
Current service cost	(56)	(36)
Interest income	7	10
Interest cost	(15)	(20)
	<u>          </u>	<u>          </u>
Total	<b>(64)</b>	<b>(46)</b>
	<u>          </u>	<u>          </u>
Actual return on scheme assets	<b>31</b>	<b>55</b>
	<u>          </u>	<u>          </u>

The Academy expects to contribute £36,000 to its defined benefit pension scheme in 2018. Movements in the present value of the defined benefit obligation were as follows:

	<b>2017</b> <b>£000</b>	2016 £000
Opening defined benefit obligation	<b>673</b>	498
Current service cost	<b>56</b>	36
Interest cost	<b>15</b>	20
Employee contributions	<b>9</b>	8
Actuarial (gains)/losses	<b>(58)</b>	112
Benefits paid	<b>(8)</b>	-
Exchange differences on foreign schemes	-	(1)
	<u>          </u>	<u>          </u>
Closing defined benefit obligation	<b>687</b>	<b>673</b>
	<u>          </u>	<u>          </u>

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

	<b>2017</b> <b>£000</b>	2016 £000
Opening fair value of scheme assets	<b>327</b>	236
Interest income	<b>7</b>	10
Actuarial losses	<b>24</b>	45
Employer contributions	<b>33</b>	29
Employee contributions	<b>9</b>	8
Benefits paid	<b>(8)</b>	(1)
	<u>          </u>	<u>          </u>
Closing fair value of scheme assets	<b>392</b>	<b>327</b>
	<u>          </u>	<u>          </u>

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

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**21. OPERATING LEASE COMMITMENTS**

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

	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Amounts payable:</b>		
Within 1 year	<b>3</b>	2
Between 1 and 5 years	<b>4</b>	2
Total	<b>7</b>	4

**22. RELATED PARTY TRANSACTIONS**

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

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

Huncote Community Association, a group in which D Pateman, a Trustee, is a member. Transactions totalling £6,249 (2016 - £8,594), relating to the rental of the Academy premises took place during the year. A balance of £Nil (2016 - £33) was outstanding at 31 August 2017.

Huncote Summer Club, a group in which V Swain, a Trustee, is a member. Transactions totalling £300 (2016 - Nil), relating to the rental of the Academy premises took place during the year. A balance of £300 (2016 - £Nil) was outstanding at 31 August 2017.

Huncote Mums & Tots Group, a group in which R Sansome, a Trustee, is a member. Transactions totalling £258 (2016 - £Nil), relating to the rental of the Academy premises took place during the year. A balance of £Nil (2016 - £Nil) was outstanding at 31 August 2017.

No other related party transactions took place in the period of account other than certain Trustees' remuneration and expenses as disclosed in note 10.

**23. CONTROLLING PARTY**

The Academy is ultimately controlled by the Governing Body, which includes the Headteacher and the Assistant Headteacher.

**24. COMPANY LIMITED BY GUARANTEE**

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

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**HUNCOTE COMMUNITY PRIMARY SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. 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.