

Company Registration No. 07838151 (England and Wales)

MALCOLM SARGENT PRIMARY SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

MALCOLM SARGENT PRIMARY SCHOOL

CONTENTS

	Page
Reference and administrative details	1 - 2
Governors' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of governors' responsibilities	14
Independent auditor's report on the accounts	15 - 17
Independent reporting accountant's report on regularity	18 - 19
Statement of financial activities including income and expenditure account	20 - 21
Balance sheet	22
Statement of cash flows	24
Notes to the accounts including accounting policies	25 - 46

MALCOLM SARGENT PRIMARY SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Members

K E Swanson
T M Harris
T J Revell

Governors

K E Swanson (Chair of Governors)
T M Harris
L J Merifield
M Brewin
R A Butler
T J Revell (Accounting Officer)
S J Stanier
N Armstrong
S Gaunt
A Cross (Appointed 8 November 2017)
C Stapling (Appointed 8 November 2017)
J Turnham (Appointed 8 November 2017)
E Cooper (Appointed 13 December 2017)

Senior management team

- Principal T J Revell
- Vice Principal (Upper school and Deputy) T Cox
- Vice Principal (Lower school) T M Cox
- Assistant Principal (KS2) H Ward
- Assistant Principal (Lower School) K Perry
- Business Manager M Town
- Finance Manager S Saunderson
- Accounting Officer T J Revell

Company registration number 07838151 (England and Wales)

Registered office Empingham Road
Stamford
Lincolnshire
PE9 2SR

Independent auditor Baldwins Audit Services
Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Bankers Lloyds Bank plc
65 High Street
Stamford
Lincolnshire
PE9 2AT

MALCOLM SARGENT PRIMARY SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Chattertons Solicitors
30 Avenue Road
Grantham
Lincolnshire
NG31 6TH

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The governors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 4 to 11 serving a catchment of west Stamford. It has a pupil capacity of 630 and had a roll of 607 in the school at the start of the 2017/18 academic year in October 2017.

Structure, governance and management

Constitution

The academy is a company limited by guarantee, incorporated on 7 November 2011, and an exempt charity.

On 1 December 2011, the charitable company commenced the operation of an academy school following the conversion from a Local Authority controlled school. The charitable company's memorandum and articles of association are the primary governing documents of the academy.

Members' liability

Each member of the charitable company undertake 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.

The members of the charitable company are:

T M Harris
K E Swanson
T J Revell

The Governors act as the trustees for the charitable activities of The Malcolm Sargent Primary School, and are also the directors for the purpose of company law. The charitable company is known as The Malcolm Sargent Primary School.

Details of the Governors who served during the period were:

K E Swanson* (Chairman)
T M Harris*
L J Merifield
M Brewin
T J Revell* (Principal and Accounting Officer)
S Stanier*
R Butler**
N Armstrong
S Gaunt
A Cross (Appointed 08.11.2017)
C Stapling (Appointed 08.11.2017)
J Turnham (Appointed 08.11.2017)
E Cooper (Appointed 13.12.2017)

* Members of Finance and Stewardship

** Members of the Audit Committee

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Governors' indemnities

Staff Associate Governors:

T Cox

Senior Management Team:

- Principal
- Vice Principal (Upper school and Deputy)
- Vice Principal (Lower school)
- Assistant Principal (KS2)
- Assistant Principal (Lower school)
- Business Manager
- Finance Manager

Method of recruitment and appointment or election of governors

Staff governors are appointed by nomination and vote from all staff at the school. Parent governors are elected by parents of registered pupils at the academy, by secret ballot. A parent governor must be a parent of a pupil at the academy at the time when they are elected. Trustee governors are nominated and appointed by the governors via a recruitment and selection process and then a formal vote at a full Governing Board meeting.

None of the Governors have any beneficial interest in the company.

Policies and procedures adopted for the induction and training of governors

Governors receive in house induction training from the Chair of Governors and the Clerk to Governors, they also receive a bespoke training manual, written for the academy. New and established governors can attend a variety of training provided by Peterborough City Council specifically for governors.

Organisational structure

The Full Governing Board meets 5 times per year. The Finance and Stewardship Committee meet 6 times a year, the Staffing committee meets 3 times a year and Curriculum committee meets 4 times a year. All committees provide a report of discussions at the next Full Governing Board meeting. The Governing Board delegates duties to the committees, including the approval of policies and procedures specific to that committee. The Governing Board use a delegated decision planner to delegate tasks of daily management to the Principal and senior management team. The task of accounting officer has been delegated to the Principal. There are no related party transactions during this financial year.

The governors' are responsible for identifying risks faced by the charitable company, establishing procedures to mitigate these risks, and ensuring that employees are aware of these procedures and of the implications of failing to implement them. They are satisfied that these procedures are consistent with the guidelines issued by the Charity Commission.

The governors' acknowledge they have overall responsibility for ensuring that the academy trust has an effective and appropriate system of controls, financial and otherwise. The governors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the academy trust and enable them to ensure the financial statements comply with the Companies Act. The governors' also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The academy trust is operating efficiently and effectively
- its assets are safeguarded against unauthorised use or disposition,
- proper records are maintained and financial information used within the academy trust or for its publication is reliable and
- the academy trust complies with relevant laws and regulations.

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Arrangements for setting pay and remuneration of key management personnel

The governors' continually monitor and review systems and procedures to ensure that major risks are identified and managed. Within the current period, which spans from 1st September 2016 to 31st August 2017, the Academy worked in line with policies, procedures and protocols having evaluated risk and management structure during the previous financial year. This included a risk management review to ensure high level risks have adequate controls in place. Key controls to manage risk include:

- Agendas for all committee meetings
- Committee charters for all committees
- Strategic planning, budgeting and management reporting
- Formal organisational structure for staffing
- Written policies and procedures, which follow a full review cycle
- Authorisation and approval levels
- Appointment of Audit committee
- DBS Checks and Single Central Record
- Management Planning and Risk Management Strategy
- Risk registers

Trade union facility time

The school does not have any staff who are relevant trade union officials during the current year.

Related parties and other connected charities and organisations

The related party transactions that occurred within the financial year were between Malcolm Sargent Primary School and Acorn Childcare Centre, its subsidiary company.

Other related parties to note are:

- Mr T Cox, Vice Principal and Associate Member, is married to Mrs T Cox, Assistant Principal and Associate Member.

Objectives and activities

Objects and aims

The objective of the charitable company in the period under review was to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. To promote for the benefit of the inhabitants of Stamford and the surrounding area the provision of facilities for recreation or leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Public benefit

The governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's objectives and aims and in planning future activities for the year.

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

The main objective of the academy has been to ensure that the curriculum is broad and exciting which will challenge all of our children to achieve their full potential, through consistently high quality teaching. This has been achieved with even better progress & attainment outcomes than in previous years, placing the school in at least the **top 20%** of all schools nationally. The governors have focussed on further developing the effectiveness of their framework of policies & procedures- particular the use of indicators & benchmark information.

During this year the school development plan has had three core priorities which have been:

1. Thinking Skills- Critical and scientific thinking to be developed in order for pupils to be able to reason, justify, make generalisations, compare, hypothesise and generate questions about their learning;
2. Assessment Of Learning- Assessment of learning developed to improve pupils peer and self-marking, collaborative learning review, reflection and independence;
3. Emotional Wellbeing- Develop emotional wellbeing through building resilience, effective questioning, self-reflection and developing and maintaining healthy lifestyles.

The school council continue to organise fund raising events across the year for charity, examples include through a readathon and baking event. They have also raised funds to purchase playground equipment and more books for the school library. This year they plan to raise funds to buy similar items.

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

Academic Year Data 2017-2018	Malcolm Sargent Achievement	National Achievement
Foundation Stage: % Reaching a "Good level of Development" (% Scoring 2+ in Areas of Learning 1-5)	73.3%	71.6%
Key Stage 1: Phonics Check Y1 % working at/or above statutory screening check	85.6%	82.5%
Key Stage 1: Phonics Check Y2 % working at/or above statutory screening check	94.0%	91%
Key Stage 1: Y2 Pupils Exceeding the National Standard Reading Writing Maths Combined, Reading + Writing + Maths	83.0% 72.7% 83.0% 72.7%	75.4% 69.6% 76.1% 65.3%
Y2 pupils working at Greater Depth in the National Standard Reading Writing Maths Combined, Reading + Writing + Maths	25.0% 22.7% 25.0% 12.5%	25.6% 15.9% 21.8% 11.7%
Key Stage 2: Y6 Pupils Exceeding the National Standard Reading Writing English, Spelling, Punctuation and Grammar Maths Combined Reading, Writing + Maths	85.2% 90.9% 87.5% 84.1% 77.3%	75.3% 78.3% 77.7% 75.6% 64.4%
Y6 pupils working at Greater Depth in the National Standard Reading Writing English, Spelling, Punctuation and Grammar Maths Combined, Reading, Writing + Maths	35.2% 36.4% 50.0% 34.1% 15.9%	28.1% 19.9% 34.4% 23.6% 9.9%

Going concern

After making appropriate enquiries, the Governing Board 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.

During this financial year Malcolm Sargent's trading arm Acorn Childcare Centre Limited has continued to trade. This organisation operates under Directors appointed by the governors of the academy trust. Acorn Childcare Centre started trading from the 5th of September 2013, operating 51 weeks of the year. It has expanded during the year with a new building being added to site, which now provides a nursery setting with capacity for 24 babies, 24 toddlers and 48 pre-school children. Acorn centre staff also operate the Breakfast, Afterschool and Holiday Club. The Acorn Childcare Centre operates under a separate Ofsted registration. The finances from this operation are consolidated within these accounts.

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments including future capital projects and the nature of reserves.

The governors have reviewed the resources of the academy trust and recognise the need to build up sufficient reserves in future years to be able to protect against future funding decreases and for future refurbishment works required at the school to be able to adequately cater for pupils.

The governors have assessed the level of available free reserves and are confident that there are sufficient levels to meet current operational needs. The governors will keep the level of reserves under review.

Investment policy

The academy has not accumulated significant reserves, finances from the ESFA are utilised in year for the benefit of the children attending the academy and therefore there is no investment policy in place. The academy can hold cash balances and thereby technically can make investment decisions if they are appropriate. In the current economic climate the banks are unable to offer a significant return on the current cash balances.
--

Principal risks and uncertainties

Risks have been assessed by the governors and they confirm that there are no major risks at present. The Business Continuity and Risk Management Policy has just been reviewed and approved by the Governing Board. Principle risks faced by the academy include closure from fire or disaster, cuts in funding from the EFSA impacting on the whole school, which could seriously affect the viability or reputation of the academy. Systems and procedures are in place to minimize the risk. Internal controls are in place to reduce internal risks to the continuation of business, these are monitored and reviewed on a regular basis.

Fundraising

The Academy is compliant with the recognised standards of fundraising set out in the Code of Fundraising Practice. The Malcolm Sargent Primary School does not use professional fundraisers and there have been no complaints received by the Academy about fund raising activities carried out by the Academy in the year.

Plans for future periods

Governors have already prepared the objectives for the school development plan (SDP) for the current financial year. This will be reviewed at the full Governing Board meetings. Governors plan to continue to improve:

- | |
|---|
| <ol style="list-style-type: none">1. Outcomes for Vulnerable pupils;2. Develop Emotional Wellbeing;3. Ensure an Engaging & Inspiring Curriculum Experience for all;4. Develop Science & Metacognition. |
|---|

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

The governors have confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

As a result of Rawlinsons joining the Baldwins Group, the auditors of the company have changed from Rawlinsons to Baldwins Audit Services. In accordance with the company's articles, a resolution proposing that Baldwins Audit Services be reappointed as auditor of the company will be put to the members.

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 11 December 2018 and signed on its behalf by:

K E Swanson
Chair of Governors

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

The Governing Board has delegated the day-to-day responsibility to the Principal, as accounting officer, he is responsible for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Malcolm Sargent Primary School and the Secretary of State for Education. They are also responsible for reporting to the Governing Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 5 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
K E Swanson (Chair of Governors)	5	5
T M Harris	5	5
L J Merifield	4	5
M Brewin	5	5
R A Butler	4	5
T J Revell (Accounting Officer)	5	5
S J Stanier	4	5
N Armstrong	5	5
S Gaunt	3	5
A Cross (Appointed 8 November 2017)	4	4
C Stapling (Appointed 8 November 2017)	4	4
J Turnham (Appointed 8 November 2017)	3	4
E Cooper (Appointed 13 December 2017)	3	4

There has been one resignation from the Governing Board during the year end 31st August 2018. The Governing Board has a succession planning model to enable them to effectively plan and make appointments to ensure that the Governing Board remains at maximum capacity.

During the year governors assessed if the committee structure was working adequately for the business need. Governors reviewed the effectiveness of meetings. It was decided to use an on-line portal to encourage pre-meeting discussions and questions to enable a greater amount of time to be spent on strategy and planning.

The Finance and Stewardship Committee is a sub-committee of the main Governing Board. Its purpose is to approve and monitor the academy's budget share to achieve best value and to monitor and evaluate the implementation of the school development plan. Particular issues which have been discussed during the year revolve additional funding and income sources and staffing costs.

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
K E Swanson (Chair of Governors)	6	6
T M Harris	6	6
R A Butler	5	6
T J Revell (Accounting Officer)	6	6
S J Stanier	2	3
S Gaunt	2	3
A Cross (Appointed 8 November 2017)	4	5

Review of value for money

As accounting officer the principal 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 available. The school's latest DfE financial benchmark report gives the top 10% rating for best value for money.

The accounting officer for the academy trust has delivered improved value for money during the year by:

- improving pupil outcomes in Reading Writing and Maths- all subjects at least in the top 20% of schools nationally;
- continuing to reduce costs of using supply teacher agencies;
- effective staff deployment especially when covering for long term teacher/leader absence;
- identifying cost savings when purchasing resources.

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 Malcolm Sargent Primary School for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of governors 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 governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors, through the Finance and Stewardship committee where the Audit Committee reports are shared.

MALCOLM SARGENT PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 Governing Board;
- regular reviews by the Finance and Stewardship Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed two governors, to carry out an internal audit. The twice yearly report is issued to the Finance and Stewardship committee, which is shared at the next Full Governing Board meeting. The report analyses the operation of the systems of control and on the discharge of the Governing Board's financial responsibilities in accordance with the requirements set out by the ESFA, there have been to date no significant control issues highlighted as a result of the Audit Committee visit and therefore no action has been required.

Review of effectiveness

As Accounting Officer, the Principal, T Revell has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- internal audit reports from governors;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the 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 and Stewardship Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 11 December 2018 and signed on its behalf by:

K E Swanson
Chair of Governors

T J Revell
Accounting Officer

MALCOLM SARGENT PRIMARY SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Malcolm Sargent Primary School I have considered my responsibility to notify the academy trust board of governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's board of governors 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 2017.

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

T J Revell
Accounting Officer

11 December 2018

MALCOLM SARGENT PRIMARY SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

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

Company law requires the governors to prepare accounts for each financial year. Under company law the governors must not approve the accounts 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 accounts, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The governors 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 accounts 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 governors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The governors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of governors on 11 December 2018 and signed on its behalf by:

K E Swanson
Chair of Governors

MALCOLM SARGENT PRIMARY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALCOLM SARGENT PRIMARY SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Malcolm Sargent Primary School (the 'charity') and its subsidiary for the year ended 31 August 2018 which comprise the Group statement of financial activities, the Group and Parent Charitable Company balance sheet, the Group statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the Group and Parent charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' 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 accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the governors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the governors have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

MALCOLM SARGENT PRIMARY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALCOLM SARGENT PRIMARY SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions 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 governors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the governors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust, its subsidiary and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report, including the incorporated strategic 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governors

As explained more fully in the statement of governors' responsibilities, the governors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MALCOLM SARGENT PRIMARY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALCOLM SARGENT PRIMARY SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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

**Tracey Richardson BSc (Hons) FCA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services**

14 December 2018

Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

MALCOLM SARGENT PRIMARY SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MALCOLM SARGENT PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 18 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Malcolm Sargent Primary School during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Malcolm Sargent Primary School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Malcolm Sargent Primary School's funding agreement with the Secretary of State for Education dated 1 December 2011 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- a review of the activities of the academy, by reference to sources of income and other information available to us;
- sample testing of expenditure, including payroll;
- a review of minutes of Governors' meetings.

MALCOLM SARGENT PRIMARY SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MALCOLM SARGENT PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tracey Richardson Bsc (Hons) FCA

Reporting Accountant

Baldwins Audit Services

Ruthlyn House

90 Lincoln Road

Peterborough

Cambridgeshire

PE1 2SP

Dated: 14 December 2018

MALCOLM SARGENT PRIMARY SCHOOL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	3	-	-	10,986	10,986	14,037
Charitable activities:						
- Funding for educational operations	4	88,313	2,293,950	-	2,382,263	2,239,754
Other trading activities	5	689,845	16,661	-	706,506	674,244
Investments	6	188	-	-	188	221
Total income and endowments		<u>778,346</u>	<u>2,310,611</u>	<u>10,986</u>	<u>3,099,943</u>	<u>2,928,256</u>
Expenditure on:						
Raising funds	7	486,996	-	-	486,996	382,639
Charitable activities:						
- Educational operations	8	199,812	2,466,315	83,365	2,749,492	2,518,166
Total expenditure	7	<u>686,808</u>	<u>2,466,315</u>	<u>83,365</u>	<u>3,236,488</u>	<u>2,900,805</u>
Net income/(expenditure)		91,538	(155,704)	(72,379)	(136,545)	27,451
Transfers between funds		(365,757)	(1,296)	367,053	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	21	-	272,000	-	272,000	222,000
Net movement in funds before taxation		<u>(274,219)</u>	<u>115,000</u>	<u>294,674</u>	<u>135,455</u>	<u>249,451</u>
Taxation payable		-	-	-	-	(56)
Net movement in funds after taxation		<u>(274,219)</u>	<u>115,000</u>	<u>294,674</u>	<u>135,455</u>	<u>249,395</u>
Reconciliation of funds						
Total funds brought forward		460,041	(480,000)	2,610,636	2,590,677	2,341,282
Total funds carried forward		<u>185,822</u>	<u>(365,000)</u>	<u>2,905,310</u>	<u>2,726,132</u>	<u>2,590,677</u>

MALCOLM SARGENT PRIMARY SCHOOL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Income and endowments from:					
Donations and capital grants	3	-	3,400	10,637	14,037
Charitable activities:					
- Funding for educational operations	4	81,298	2,158,456	-	2,239,754
Other trading activities	5	657,866	16,378	-	674,244
Investments	6	221	-	-	221
Total income and endowments		<u>739,385</u>	<u>2,178,234</u>	<u>10,637</u>	<u>2,928,256</u>
Expenditure on:					
Raising funds	7	382,639	-	-	382,639
Charitable activities:					
- Educational operations	8	167,045	2,286,926	64,195	2,518,166
Total expenditure	7	<u>549,684</u>	<u>2,286,926</u>	<u>64,195</u>	<u>2,900,805</u>
Net income/(expenditure)		189,701	(108,692)	(53,558)	27,451
Transfers between funds		(45,208)	(7,308)	52,516	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	21	-	222,000	-	222,000
Net movement in funds before taxation		144,493	106,000	(1,042)	249,451
Taxation payable		(56)	-	-	(56)
Net movement in funds		144,437	106,000	(1,042)	249,395
Reconciliation of funds					
Total funds brought forward		315,604	(586,000)	2,611,678	2,341,282
Total funds carried forward		<u>460,041</u>	<u>(480,000)</u>	<u>2,610,636</u>	<u>2,590,677</u>

MALCOLM SARGENT PRIMARY SCHOOL

CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	13		2,905,310		2,610,636
Current assets					
Debtors	16	150,366		113,008	
Cash at bank and in hand		300,110		588,361	
		<u>450,476</u>		<u>701,369</u>	
Current liabilities					
Creditors: amounts falling due within one year	17	(264,654)		(241,328)	
Net current assets			185,822		460,041
Net assets excluding pension liability			<u>3,091,132</u>		<u>3,070,677</u>
Defined benefit pension liability	21		(365,000)		(480,000)
Net assets			<u>2,726,132</u>		<u>2,590,677</u>
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			2,905,310		2,610,636
- Pension reserve			(365,000)		(480,000)
Total restricted funds			<u>2,540,310</u>		<u>2,130,636</u>
Unrestricted income funds	19		185,822		460,041
Total funds			<u>2,726,132</u>		<u>2,590,677</u>

The accounts on pages 20 to 46 were approved by the governors and authorised for issue on 11 December 2018 and are signed on their behalf by:

K E Swanson
Chair of Governors
Company Number 07838151

MALCOLM SARGENT PRIMARY SCHOOL

BALANCE SHEET - CHARITY ONLY

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13	2,895,637		2,607,316	
Investments	14		10		10
			<u>2,895,647</u>		<u>2,607,326</u>
Current assets					
Debtors	16	155,682		151,098	
Cash at bank and in hand		246,440		508,740	
		<u>402,122</u>		<u>659,838</u>	
Current liabilities					
Creditors: amounts falling due within one year	17	(205,462)		(194,978)	
		<u>196,660</u>		<u>464,860</u>	
Net current assets			196,660		464,860
Net assets excluding pension liability			<u>3,092,307</u>		<u>3,072,186</u>
Defined benefit pension scheme liability	21	(365,000)		(480,000)	
		<u>2,727,307</u>		<u>2,592,186</u>	
Net assets			<u>2,727,307</u>		<u>2,592,186</u>
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds		2,895,637		2,607,316	
- Pension reserve		(365,000)		(480,000)	
		<u>2,530,637</u>		<u>2,127,316</u>	
Total restricted funds			2,530,637		2,127,316
Unrestricted income funds	19		196,670		464,870
			<u>2,727,307</u>		<u>2,592,186</u>
Total funds			<u>2,727,307</u>		<u>2,592,186</u>

The accounts on pages 20 to 46 were approved by the governors and authorised for issue on 11 December 2018 and are signed on their behalf by:

K E Swanson
Chair of Governors

Company Number 07838151

MALCOLM SARGENT PRIMARY SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash provided by operating activities	22		78,614		200,102
Cash flows from investing activities					
Dividends, interest and rents from investments		188		221	
Capital grants from DfE Group		10,986		10,637	
Purchase of tangible fixed assets		(378,039)		(63,153)	
Net cash used in investing activities			(366,865)		(52,295)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(288,251)		147,807
Cash and cash equivalents at beginning of the year			588,361		440,554
Cash and cash equivalents at end of the year			<u>300,110</u>		<u>588,361</u>

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Malcolm Sargent Primary School meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

The governors 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 charitable company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

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

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, governors' meetings and reimbursed expenses.

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets 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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land & buildings	2%-4% straight line.
Leasehold property	Over the lease term
IT equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line

No depreciation is provided in respect of freehold land.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate..

The LGPS is a funded multi-employer 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.

1.11 Fund accounting

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

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

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

Designated funds are where the governors have ring fenced unrestricted income for specific projects.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	10,986	10,986	10,637
Other donations	-	-	-	3,400
	<u>-</u>	<u>10,986</u>	<u>10,986</u>	<u>14,037</u>

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,923,201	1,923,201	1,849,305
Other DfE group grants	-	238,583	238,583	228,601
	-	2,161,784	2,161,784	2,077,906
Other government grants				
Local authority grants	-	92,172	92,172	59,810
Other funding				
Other incoming resources	88,313	39,994	128,307	102,038
Total funding	88,313	2,293,950	2,382,263	2,239,754

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Lettings	16,137	-	16,137	18,943
Catering income	52,811	-	52,811	57,463
Income from trading subsidiary	620,897	-	620,897	581,460
Other income	-	16,661	16,661	16,378
	689,845	16,661	706,506	674,244

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	188	-	188	221

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2018	2017
	£	£	£	£	£
Expenditure on raising funds					
- Direct costs	-	-	486,996	486,996	382,639
Academy's educational operations					
- Direct costs	1,551,551	-	205,147	1,756,698	1,659,728
- Allocated support costs	510,351	226,325	256,118	992,794	858,438
	<u>2,061,902</u>	<u>226,325</u>	<u>948,261</u>	<u>3,236,488</u>	<u>2,900,805</u>

Net income/(expenditure) for the year includes:

	2018	2017
	£	£
Fees payable to auditor for:		
- Audit	6,500	6,500
- Other services	137	81
Operating lease rentals	37,712	37,712
Depreciation of tangible fixed assets	83,365	64,195
Net interest on defined benefit pension liability	14,000	13,000
	<u>141,714</u>	<u>121,598</u>

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	108,015	1,648,683	1,756,698	1,659,728
Support costs				
Educational operations	91,797	900,997	992,794	858,438
	<u>199,812</u>	<u>2,549,680</u>	<u>2,749,492</u>	<u>2,518,166</u>

Analysis of costs

	2018 £	2017 £
Direct costs		
Teaching and educational support staff costs	1,537,002	1,524,000
Staff development	14,549	18,566
Technology costs	16,667	16,460
Educational supplies and services	72,594	46,357
Other direct costs	115,886	54,345
	<u>1,756,698</u>	<u>1,659,728</u>
Support costs		
Support staff costs	510,351	383,064
Depreciation	83,365	64,195
Maintenance of premises and equipment	42,829	58,229
Rent, rates and other occupancy costs	73,947	68,938
Insurance	26,184	22,682
Catering	147,973	161,114
Finance costs	14,000	13,000
Other support costs	83,132	77,986
Governance costs	11,013	9,230
	<u>992,794</u>	<u>858,438</u>

9 Governance costs

	Total 2018 £	Total 2017 £
All from restricted funds:		
Amounts included in support costs		
Legal and professional fees	4,376	2,649
Auditor's remuneration		
- Audit of financial statements	6,500	6,500
- Other audit costs	137	81
	<u>11,013</u>	<u>9,230</u>

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

Staff costs

Staff costs during the year were:

	2018	2017
	£	£
Wages and salaries	1,521,859	1,432,141
Social security costs	117,688	109,680
Pension costs	404,984	359,042
	<hr/>	<hr/>
Staff costs	2,044,531	1,900,863
Agency staff costs	2,048	3,606
Staff development and other staff costs	15,323	21,161
	<hr/>	<hr/>
Total staff expenditure	2,061,902	1,925,630
	<hr/> <hr/>	<hr/> <hr/>

Staff numbers

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

	2018	2017
	Number	Number
Teachers	29	29
Administration and support	60	56
Management	3	3
	<hr/>	<hr/>
	92	88
	<hr/> <hr/>	<hr/> <hr/>

Higher paid staff

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

	2018	2017
	Number	Number
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
	<hr/> <hr/>	<hr/> <hr/>

Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £337,265 (2017: £.358,715).

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Governors' remuneration and expenses

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

The value of governors' remuneration and other benefits was as follows:

T Revell (principal and governor)

Remuneration £80,000 - £85,000 (2017: £70,000 - £75,000)

Employer's pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000)

E Cooper (staff governor) - appointed as a governor on 13 December 2017

Remuneration £20,000 - £30,000

Employer's pension contributions £0 - £5,000

T Cox (staff governor) - resigned as governor on 1 November 2016

Remuneration £nil (2017: £5,000 - £10,000)

Employer's pension contributions £nil (2017: £0 - £5,000)

G Vickers (staff governor) - resigned as governor on 31 August 2017

Remuneration £nil (2017: £35,000 - £40,000)

Employer's pensions contributions £nil (2017: £5,000 - £10,000)

A Lewis (staff governor) - resigned as governor on 4 May 2017

Remuneration £nil (2016: £10,000 - £15,000)

Employer's pension contributions £nil (2017: £0 - £5,000)

During the year ended 31 August 2018, expenses totalling £44 were reimbursed to 1 staff governor in relation to their role as staff (2017: £42 to 1 governor).

12 Governors and officers insurance

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

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets Group	Freehold land & buildings £	Leasehold property £	IT equipment £	Fixtures, fittings & equipment £	Total £
Cost					
At 1 September 2017	2,795,556	69,316	30,544	16,974	2,912,390
Additions	309,769	-	15,241	53,029	378,039
At 31 August 2018	3,105,325	69,316	45,785	70,003	3,290,429
Depreciation					
At 1 September 2017	223,005	55,439	18,081	5,229	301,754
Charge for the year	53,463	13,877	8,518	7,507	83,365
At 31 August 2018	276,468	69,316	26,599	12,736	385,119
Net book value					
At 31 August 2018	2,828,857	-	19,186	57,267	2,905,310
At 31 August 2017	2,572,551	13,877	12,463	11,745	2,610,636
Charity					
Cost					
At 1 September 2017	2,795,556	69,316	27,353	13,477	2,905,702
Additions	309,769	-	14,651	45,663	370,083
At 31 August 2018	3,105,325	69,316	42,004	59,140	3,275,785
Depreciation					
At 1 September 2017	223,005	55,439	16,705	3,237	298,386
Charge for the year	53,463	13,877	8,417	6,005	81,762
At 31 August 2018	276,468	69,316	25,122	9,242	380,148
Net book value					
At 31 August 2018	2,828,857	-	16,882	49,898	2,895,637
At 31 August 2017	2,572,551	13,877	10,648	10,240	2,607,316

Transactions relating to land and buildings during the year include:

- the acquisition of the freehold on modular building for the nursery which was purchased by the academy trust at a value of £309,769.

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Fixed asset investments

Charity

	Total £
Historical cost:	
At 31 August 2018	10
	<u>10</u>
At 31 August 2017	10
	<u>10</u>

On 23 April 2013, Acorn Childcare Centre Limited was incorporated and became a wholly owned subsidiary of the academy. The company commenced trading as Acorn Nursery on 5 September 2013, the principal activity being the provision of childcare.

15 Financial instruments

	2018 £ Group	2018 £ Charity	2017 £ Group	2017 £ Charity
Carrying amount of financial assets				
Trade debtors	9,866	-	9,060	-
Other debtors	30,486	30,486	12,201	12,201
Bank and cash	300,110	246,440	588,361	508,740
	<u>340,462</u>	<u>276,926</u>	<u>609,622</u>	<u>520,941</u>
Carrying amount of financial liabilities				
Trade payables	66,669	64,016	45,326	43,956
Other creditors	1,642	21	23	23
Accruals	32,773	29,570	48,714	43,034
	<u>101,084</u>	<u>93,607</u>	<u>94,063</u>	<u>87,013</u>

16 Debtors

	2018 £ Group	2018 £ Charity	2017 £ Group	2017 £ Charity
Trade debtors	9,866	-	9,060	-
Other debtors	30,486	30,486	12,201	12,201
Prepayments and accrued income	110,014	125,196	91,747	138,897
	<u>150,366</u>	<u>155,682</u>	<u>113,008</u>	<u>151,098</u>

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Creditors: amounts falling due within one year

	2018 £ Group	2018 £ Charity	2017 £ Group	2017 £ Charity
Trade creditors	66,669	64,016	45,326	43,956
Corporation tax	56	-	56	-
Other taxation and social security	34,885	28,997	27,751	25,206
Other creditors	1,642	21	23	23
Accruals and deferred income	161,402	112,428	168,172	125,793
	<u>264,654</u>	<u>205,462</u>	<u>241,328</u>	<u>194,978</u>

18 Deferred income

Group	2018 £	2017 £
Deferred income is included within:		
Creditors due within one year	128,629	119,458
	<u>128,629</u>	<u>119,458</u>
Deferred income at 1 September 2017	119,458	129,397
Released from previous years	(119,458)	(129,397)
Amounts deferred in the year	128,629	119,458
	<u>128,629</u>	<u>119,458</u>
Deferred income at 31 August 2018	<u>128,629</u>	<u>119,458</u>

Charity	2018 £	2017 £
Deferred income is included within:		
Creditors due within one year	82,859	82,759
	<u>82,859</u>	<u>82,759</u>
Deferred income at 1 September 2017	119,458	129,397
Released from previous years	(119,458)	(129,397)
Amounts deferred in the year	82,859	82,759
	<u>82,859</u>	<u>82,759</u>
Deferred income at 31 August 2018	<u>82,859</u>	<u>82,759</u>

Deferred income relates to funds received in advance for school trips taking place after the balance sheet date, payments in advance for sessions at the nursery in September 2018, and grant funding for September and October 2018.

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	1,923,201	(1,921,905)	(1,296)	-
Other DfE / ESFA grants	-	238,583	(238,583)	-	-
Other government grants	-	92,172	(92,172)	-	-
Other restricted funds	-	56,655	(56,655)	-	-
Pension reserve	(480,000)	-	(157,000)	272,000	(365,000)
	<u>(480,000)</u>	<u>2,310,611</u>	<u>(2,466,315)</u>	<u>270,704</u>	<u>(365,000)</u>
Restricted fixed asset funds					
DfE group capital grants	-	10,986	-	(10,986)	-
Capital expenditure from GAG	2,607,315	-	(81,762)	370,083	2,895,636
Subsidiary company assets	3,321	-	(1,603)	7,956	9,674
	<u>2,610,636</u>	<u>10,986</u>	<u>(83,365)</u>	<u>367,053</u>	<u>2,905,310</u>
Total restricted funds	<u>2,130,636</u>	<u>2,321,597</u>	<u>(2,549,680)</u>	<u>637,757</u>	<u>2,540,310</u>
Unrestricted funds					
General funds	111,517	70,823	(91,797)	86,568	177,111
School fund	38,317	85,615	(106,580)	-	17,352
School council	944	2,698	(1,435)	-	2,207
Acorn nursery	309,263	619,210	(486,996)	(452,325)	(10,848)
	<u>460,041</u>	<u>778,346</u>	<u>(686,808)</u>	<u>(365,757)</u>	<u>185,822</u>
Total funds	<u>2,590,677</u>	<u>3,099,943</u>	<u>(3,236,488)</u>	<u>272,000</u>	<u>2,726,132</u>

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

Fixed asset funds

The fixed asset fund represents the book value of fixed assets held by the academy, which are attributable to the core educational operations of the academy.

Restricted general funds

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.

Designated funds

The funds are designated for the specific activities undertaken by the School Fund, School Council and Acorn Nursery.

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	-	1,849,305	(1,841,997)	(7,308)	-
Other DfE / ESFA grants	-	228,601	(228,601)	-	-
Other government grants	-	59,810	(59,810)	-	-
Other restricted funds	-	40,518	(40,518)	-	-
Pension reserve	(586,000)	-	(116,000)	222,000	(480,000)
	<u>(586,000)</u>	<u>2,178,234</u>	<u>(2,286,926)</u>	<u>214,692</u>	<u>(480,000)</u>
Restricted fixed asset funds					
DfE group capital grants	-	10,637	-	(10,637)	-
Capital expenditure from GAG	2,607,771	-	(63,609)	63,153	2,607,315
Subsidiary company assets	3,907	-	(586)	-	3,321
	<u>2,611,678</u>	<u>10,637</u>	<u>(64,195)</u>	<u>52,516</u>	<u>2,610,636</u>
Total restricted funds	<u>2,025,678</u>	<u>2,188,871</u>	<u>(2,351,121)</u>	<u>267,208</u>	<u>2,130,636</u>
Unrestricted funds					
General funds	116,385	65,345	(61,793)	(8,420)	111,517
School fund	22,886	89,333	(63,902)	(10,000)	38,317
School council	942	3,247	(3,245)	-	944
Acorn nursery	175,391	581,460	(420,800)	(26,788)	309,263
	<u>315,604</u>	<u>739,385</u>	<u>(549,740)</u>	<u>(45,208)</u>	<u>460,041</u>
Total funds	<u>2,341,282</u>	<u>2,928,256</u>	<u>(2,900,861)</u>	<u>222,000</u>	<u>2,590,677</u>

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	3,772,506	(3,763,902)	(8,604)	-
Other DfE / ESFA grants	-	467,184	(467,184)	-	-
Other government grants	-	151,982	(151,982)	-	-
Other restricted funds	-	97,173	(97,173)	-	-
Pension reserve	(586,000)	-	(273,000)	494,000	(365,000)
	<u>(586,000)</u>	<u>4,488,845</u>	<u>(4,753,241)</u>	<u>485,396</u>	<u>(365,000)</u>
Restricted fixed asset funds					
DfE group capital grants	-	21,623	-	(21,623)	-
Capital expenditure from GAG	2,607,771	-	(145,371)	433,236	2,895,636
Subsidiary company assets	3,907	-	(2,189)	7,956	9,674
	<u>2,611,678</u>	<u>21,623</u>	<u>(147,560)</u>	<u>419,569</u>	<u>2,905,310</u>
Total restricted funds	<u>2,025,678</u>	<u>4,510,468</u>	<u>(4,900,801)</u>	<u>904,965</u>	<u>2,540,310</u>
Unrestricted funds					
General funds	116,385	136,168	(153,590)	78,148	177,111
School fund	22,886	174,948	(170,482)	(10,000)	17,352
School council	942	5,945	(4,680)	-	2,207
Acorn nursery	175,391	1,200,670	(907,796)	(479,113)	(10,848)
	<u>315,604</u>	<u>1,517,731</u>	<u>(1,236,548)</u>	<u>(410,965)</u>	<u>185,822</u>
Total funds	<u>2,341,282</u>	<u>6,028,199</u>	<u>(6,137,349)</u>	<u>494,000</u>	<u>2,726,132</u>

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £223,559 (2017: £216,745).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.5% for employers and 5.5 to 6.8% for employees. The estimated value of employer contributions for the forthcoming year is £107,000.

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.

Total contributions made	2018 £	2017 £
Employer's contributions	117,000	115,000
Employees' contributions	36,000	33,000
Total contributions	<u>153,000</u>	<u>148,000</u>

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations (Continued)

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.7	2.8
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	2.8	2.5

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

	2018 Years	2017 Years
Retiring today		
- Males	22.1	22.1
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.6	26.6

	2018	2017
0.5% decrease in Real Discount Rate	253,000	233,000
0.5% increase in the Salary Increase Rate	23,000	25,000
0.5% increase in the Pension Increase Rate	228,000	205,000

The academy trust's share of the assets in the scheme	2018 Fair value £	2017 Fair value £
Equities	1,097,920	980,460
Bonds	225,600	150,840
Cash	15,040	12,570
Property	165,440	113,130
Total market value of assets	1,504,000	1,257,000

The actual return on scheme assets was £105,000 (2017: £161,000).

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations	(Continued)	
Amount recognised in the Statement of Financial Activities	2018	2017
	£	£
Current service cost	260,000	218,000
Interest income	(33,000)	(22,000)
Interest cost	47,000	35,000
	<hr/>	<hr/>
Total operating charge	274,000	231,000
	<hr/> <hr/>	<hr/> <hr/>
Changes in the present value of defined benefit obligations		2018
		£
At 1 September 2017		1,737,000
Current service cost		260,000
Interest cost		47,000
Employee contributions		36,000
Actuarial gain		(200,000)
Benefits paid		(11,000)
		<hr/>
At 31 August 2018		1,869,000
		<hr/> <hr/>
Changes in the fair value of the academy trust's share of scheme assets		2018
		£
At 1 September 2017		1,257,000
Interest income		33,000
Actuarial gain		72,000
Employer contributions		117,000
Employee contributions		36,000
Benefits paid		(11,000)
		<hr/>
At 31 August 2018		1,504,000
		<hr/> <hr/>

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

22 Reconciliation of net (expenditure)/income to net cash flow from operating activities	2018	2017
	£	£
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(136,545)	27,451
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(10,986)	(10,637)
Investment income receivable	(188)	(221)
Defined benefit pension costs less contributions payable	143,000	103,000
Defined benefit pension net finance cost	14,000	13,000
Depreciation of tangible fixed assets	83,365	64,195
Decrease in stocks	-	384
(Increase) in debtors	(37,358)	(3,618)
Increase in creditors	23,326	6,548
Net cash provided by operating activities	78,614	200,102

23 Commitments under operating leases

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

	2018	2017
	£	£
Amounts due within one year	-	32,938

24 Capital commitments

	2018	2017
	£	£
Expenditure contracted for but not provided in the accounts	-	314,569

On 20 July 2017, the Full Governing Board approved the extension works to the nursery. This asset was brought into use following the October 2017 half term.

MALCOLM SARGENT PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

25 Related party transactions

Charity

Owing to the nature of the academy trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. There have been no transactions during the year.

Some of the governors have children who are pupils at the academy, consequently there will be transactions between those governors and the academy in respect of their children's education. These are on the same basis as other pupils at the academy.

Included within income is £66,556 (2017: £61,477) recharged to the subsidiary company, Acorn Childcare Centre Limited.

A £65,350 (2017: £147,150) donation has been gift aided from Acorn Childcare Centre Limited during the year.

At the year end, £17,500 (2017: £47,150) is included within debtors due from Acorn Childcare Centre Limited.

26 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.