

Company Registration No. 08693259 (England and Wales)

**SKELTON PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016**

SKELTON PRIMARY SCHOOL

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SKELTON PRIMARY SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

C Farrel
E McLeod (Chair from 3 November 2016, previously Vice Chair)
S Walker (Accounting Officer)
L Willis-Keeler (Chair to 3 November 2016) (Resigned 3 November 2016)
A Woolf (Resigned 15 September 2015)
A Oswald
J Swainson (Resigned 11 September 2015)
R Lowery (Resigned 26 October 2015)
D Butcher
M Brayshaw
K Chisholm (Resigned 26 October 2016)
L Allanson (Appointed 17 December 2015)
M Hewitson (Appointed 7 December 2015 and resigned 2 November 2016)
T Hill (Appointed 21 March 2016)
J Shields (Appointed 23 November 2015)
L Stabler (Appointed 4 November 2016)

Members

C Farrel
E McLeod
M Brayshaw

Senior management team

- Headteacher	S Walker
- Deputy Headteacher	A Oswald
- Assistant Headteacher	N Chapman
- Assistant Headteacher	A Carson
- Assistant Headteacher	S Theakston
- School Business Manager	D Chadwick

Company registration number 08693259 (England and Wales)

Registered office Station Lane
Skelton
Saltburn by the Sea
TS12 2LR

Independent auditor Baldwins Audit Services Limited
Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

Bankers Lloyds Bank plc
37 Westgate
Guisborough
TS14 6BD

SKELTON PRIMARY SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

BHP Law LLP
Gloucester House
72 Church Road
Stockton on Tees
TS18 1TW

SKELTON PRIMARY SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates a three form entry Primary School with two Nurseries, in Skelton-In-Cleveland. The School has a pupil capacity of 630 and had a roll of 629 in the school census in January 2016.

Structure, governance and management

Constitution

The academy 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.

The trustees of Skelton Primary School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Skelton Primary School "a primary academy"

Details of the trustees who served throughout the year except as noted 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, as required in the academy trust's funding agreement/ memorandum and articles of association, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every Governor or other officer of the School trust shall be indemnified out of the assets of the School Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Method of recruitment and appointment or election of trustees

The members may appoint up to 8 Governors. In addition to the Governors Appointed, the members may appoint Staff governors through such process as they may determine. The total number of Governors (including the HT) who are employees of the Trust shall not exceed one third of the total number of Governors. Parent Governors will be elected by Parents of registered pupils at the Trust. A Parent Governor must be a parent of a pupil at the time when he is elected. In appointing a Parent Governor the Governing Body shall appoint a person who is the parent of a registered pupil at the Trust; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Policies and procedures adopted for the induction and training of trustees

The Governing Body has a Service Level Agreement with the Local Authority Governing Body Department, who advise Governors and minute meetings. Included in the SLA is a training package for all Trustees. A report is given at each Governing Body meeting on training undertaken.

SKELTON PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

The Head Teacher is the School's Accounting Officer. The School has a Senior Leadership Team (SLT) that is made up of the Head Teacher, Deputy Head Teacher, three Assistant Heads and the School Business Manager. The School also has a Management Team that consists of the above plus five Curriculum Team Leaders. Decisions and developments on the day to day running of the School are approved at SLT level in line with the School Improvement Plan. The Governing Body is made up of 2 sub committees, each committee has a member of the SLT to act in an advisory capacity – each committee has its own remit. Depending on the committee remit decisions can be made at subcommittee or full governing body level. All decisions that have a financial implication are made in line with the School's Finance Handbook. The budget is approved by the Full Governing Body. The Governors are responsible for the strategic management of the school; approving and setting key aspects of the school, including strategic direction, annual budget, recruitment of senior members of staff, policy changes etc. The Head Teacher and staff are responsible for the operational management. School policies are developed by senior members of the school staff to reflect both the strategic direction agreed by the Governors and statutory requirements. Policies are approved and adopted by the Governing Body and implemented as procedures by the SLT and Management Team.

Arrangements for setting pay and remuneration of key management personnel

The Performance of 'Leaders' at all levels will be evaluated against the Head Teacher standards as appropriate for the role. The Head Teacher will recommend whether the individuals' pay should be increased to the next incremental point within the scale agreed for their post.

In addition, all leaders are expected to perform at Band 3, Expert Teacher.

Head Teacher

New appointments: The REF review the school group in accordance with STP&CD and select an indicative 7 point pay range appropriately, to be recorded in the committee minutes. A new Head Teacher will usually be placed on a minimum of the established range, however the committee may consider using its discretion to pay at any points within the range or in exceptional circumstances may change the range. Reasons for exceptional circumstances must be recorded.

Head Teacher in post

The Head Teacher's pay range may be reviewed at any time.

A successful review may result in the award of 1 or 2 progression points (within the 7 point range). Where the Head Teacher is at the top of their group and Governors determine further pay progression is appropriate the additional payment of up to 25% criteria as in STPCD. Minutes of any decisions should be carefully documented.

Deputy & Assistant Head Teacher

DHTs & AHTs should be paid on a salary range which adequately reflects the levels of duties and responsibilities. At S.P.S., this is a 5 point scale. The pay range should not overlap the HT pay range. A successful review may result in the award of 1 or 2 progression points (within the 5 point range). REF should review the salary scale when a new appointment is made. A new DHT/ AHT will usually be placed on the minimum of the established range however the committee may consider using its discretion to pay at any points on the range.

Support Staff

Support staff at all levels will be evaluated against the professional standards as appropriate for the role and the relevant Career Stage Expectations. The Head Teacher will recommend whether the individuals' pay should be increased to the next incremental point within the scale agreed for their post.

SKELTON PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Related parties and other connected charities and organisations

The School is an associate member of the East Cleveland Co-operative Learning Trust. The Trust meets legal requirements and has exclusively charitable objectives. The Trust is made up of nine maintained schools and ten associate members including primary, secondary and Academies. The Trust assists its members in delivering on the Trust's legal requirement to promote community cohesion. The co-operative membership dimension also greatly and actively assists this process. Part of the Trust's remit is to collaborate and the group collectively seeks to purchase goods and services to obtain value for money.

The school has a Parent & Teacher Association called Friends of Skelton Primary School. Friends support the School by fundraising and making links with the local community.

As a single Academy the school elected to offer support to a local primary (Lingdale Primary) particularly in the management and delivery of support to children with Special Educational Needs.

Objectives and activities

Objects and aims

The principal object and aim of the Trust is the operation of Skelton Primary School to provide education in a safe secure environment to pupils between 4-11.

The aims of the school rest on the following principles and beliefs:

Moral principles

We hope to promote a real sense of community and desire to contribute to the world at large. Children will be encouraged to respect and value all people and celebrate their similarities and differences.

The search for excellence

Our family members will be given every opportunity to develop their talents to the full. We aim to develop a culture of trust in which individuals are encouraged to take risks in their learning and getting something wrong is seen as an opportunity for growth.

A happy school family environment

We aim to extend a warm welcome and provide stimulating and challenging learning opportunities for everyone. A constantly improving example of an exciting and enriching curriculum will be promoted offering opportunities for pupils to recognise, develop and share their wide variety of talents and skills within a healthy and safe environment.

The uniqueness of the individual

All pupils are valued and respected as individuals so that they may be helped to fulfil their unique role in the 21st century. We aim to promote self esteem and confidence and to celebrate achievement within the school family.

The education of the whole person

We aim to encourage all members of the community to develop a positive attitude and active involvement in school life and to promote the importance of positive relationships and partnership throughout the school family and beyond.

SKELTON PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

Skelton Primary School became an academy on November 1st 2013. It has 629 on role with two nurseries and three form entry in all year groups. Key areas for reflection and celebration in 2015/16 include:

Child Wellbeing

- Nurture, counselling, Care Team & inclusion provision

Pupil Leadership

- Approachable, friendly, open 'spirit' amongst all children from Foundation Stage to Year 6
- Buddy reading between year groups has been and will continue to be a great success
- Pupil leadership in key areas especially teaching & learning, eco, UNICEF, hospitality and community

Parents

- Support for our children, encouraging them with family values as well as trying their best in home and at school
- Support for our school in terms of policies and procedures, especially uniform and punctuality and supporting out of hours clubs and attending social functions

Staffing

- Quality of teaching staff & dynamic of staffing structure nurturing year group identity and development
- Quality of support recognised as very important in all non-teaching staff including classroom support, office and site staff
- Addition of our Family Support Worker
- Networking with local schools within the East Cleveland Cooperative, North East Teaching Alliance

Standards

- Raise online 2016 puts the school in the top 4% of all schools for maths progress and the top 12% for reading and top 10% for writing progress. Key Stage 1 results were above the National Average as were Key Stage Two results. Disadvantaged pupils exceed attainment levels of National Disadvantaged pupils and other pupils in Key Stage 2.

Particularly of note is:

- Personalising learning to meet the needs of our young children, a significant percentage of whom join us below expected levels
- Aspirational in house targets of 4pp+ points progress a year by all groups of learners
- Phonics testing above national figures following an improving 3 year trend.

Governors are committed to develop and improve the provision of Skelton Primary School to meet the educational and emotional needs of its pupils, this will be achieved by:

- Developing skills in reading by investing in Accelerated Reader scheme
- Providing further provision opportunities and training for our most able pupils.

SKELTON PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Public benefit

The Trustees have considered and adhered to the Charity Commission's guidance on public benefit. The key public benefit delivered by Skelton Primary School is the maintenance and development of high quality education to its pupils and the support to their families and the whole community.

Strategic report

Achievements and performance

The school achieved a good Ofsted report in 2012, since then the school has strived to continue to develop and improve in all areas including the achievement of our pupils, teaching & learning, behaviour and leadership and management. The School is continuing to improve and is looking to become an outstanding school.

Key performance indicators

2016 STAGE RESULTS:	KEY TWO	% at Expected	National Average	% above Expected	National Average
Math		91	70	20	17
Reading		84	66	15	19
Writing		91	74	9	n/a

2016

	Exp progress	Better than progress	Exp score	Standard (ave)	score	National Percentile
Math	93	44		104		4.78 (Top 5%)
Reading	86	62		106		3.47 (Top 25%)
Writing	100	70		n/a		3.55 (Top 25%)

SKELTON PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

2016 In house data: Year 1-6:

Progress by G&T:				Progress by HA:				Progress by MA:			
	<u>R</u>	<u>W</u>	<u>M</u>		<u>R</u>	<u>W</u>	<u>M</u>		<u>R</u>	<u>W</u>	<u>M</u>
Y1				Y1	3	3	3	Y1	3	3	3
Y2	3	3	3	Y2	3	3	3	Y2	3	3	2.9
Y3				Y3				Y3	3	2.9	2.9
Y4	3	3	3	Y4	3	3	3	Y4	3	3	3
Y5	3	3	3	Y5	3	3.5	3	Y5	3.7	3.8	3.2
Y6	3	3	3	Y6	3	3.1	3	Y6	3.6	3.4	3.4
School Ave	3	3	3	School Ave	3	3.1	3	School Ave	3.2	3.1	3

Progress by LA:				Progress by SEN:			
	<u>R</u>	<u>W</u>	<u>M</u>		<u>R</u>	<u>W</u>	<u>M</u>
Y1	4.3	4.7	4.3	Y1	4.3	4.5	4.1
Y2	3.5	3.5	3.4	Y2	3.3	3.1	2.9
Y3	3	3.7	3.3	Y3	3	3.5	3.2
Y4	2.6	2.8	2.8	Y4	3	2.8	2.8
Y5	4.7	3.7	3.3	Y5	4.8	4.5	3.8
Y6	4.2	4.6	4.5	Y6	4.4	4.4	4.5
School Ave	3.7	3.8	3.6	School Ave	3.8	3.8	3.5

Free school meals and Pupil Premium:

At Key Stage 1 and 2, the gap in attainment has continued to close in Reading and Maths.

Reading	R	Y1	Y2	Y3	Y4	Y5	Y6
Pupil Prem	4.8	3.8	3.2	3	3	4.3	4.2
FSM							
Non-Pupil Prem	4.8	3.4	3	3	3	3.7	3.3
FSM							

Writing	R	Y1	Y2	Y3	Y4	Y5	Y6
Pupil Prem	4.8	3.8	3.2	3.4	3	3.3	4.2
FSM							
Non-Pupil Prem	4.8	3.4	3.1	3.2	3	3.8	3.7
FSM							

Maths	R	Y1	Y2	Y3	Y4	Y5	Y6
Pupil Prem	5	3.5	3	3.4	3	2.3	3.1
FSM							
Non-Pupil Prem	4.8	3.3	2.9	3	3	3	3
FSM							

SKELTON PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

The principal sources of income are the EFA and the Local Authority. Total income for the 12 month period was £2,761,426 of which £2,322,567 (84%) came from EFA, £199,421 (7%) came from the LA, £239,438 (9%) came from other sources. GAG income is used to fund the following principal expenses:

- Teaching and support within the classrooms
- Non-teaching support for administration, finance, site maintenance
- Staff training
- Operational contracts/SLAs for day to day management
- Educational materials
- Utility services
- Rates

The Key headlines of the School Improvement Plan are to support and improve the following areas:-

- **Reading**
- **Teaching & Learning**
- **Personal, Social & Emotional development**
- **Data**

These areas will be targeted by investing in

- Resources - Reading books
 - Reading resources, equipment and staff training
 - Website portfolios
 - Investing in musical instruments and composition equipment FS-Y6
- Personal, Social & Emotional development
 - Extend counselling provision
 - Introduce a Friday afternoon enrichment
 - New rewards systems around behaviour, attendance
- Staff CPD - bespoke staff training on new assessment
 - staff release to see good practice in neighbouring schools
- Staffing - staff for interventions

In respect of the Building we have a rolling programme of maintenance and decoration. We have reconstructed/refurbished the old Nurture space to create 3 new offices. We have also extended our staffroom to create a designated area for staff to carry out their PPA. Due to a successful bid to the Condition Improvement Funding we have carried out significant ground works to improve the drainage all around the site to eliminate the risk of flooding. Part of the CIF bid was to renew the damaged KS2 hall floor this will be carried out in the academic year 16/17. The KS2 learning environment has been improved with the installation of suspended ceiling and energy saving LED lights. We have also created much needed storage space for Y4/5 open plan. Due to the success of our Awards for All grant we have significantly improved the outdoor FS1 area and created an exciting natural world environment.

SKELTON PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Reserves policy

The budget is accompanied by a statement of assumptions and hierarchy of priorities so that, if circumstances change, it is simple for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change. It is not anticipated that the annual budget should show a large surplus of funds over expenditure. Irrespective of the carry-forward calculation, it is not deemed responsible to try and build up significant reserves unless there is a particular project that requires savings to fund it over a number of years. School reserves are considered to be sufficient to cope with any unforeseen contingencies.

Investment policy and powers

The School does not hold any Investments and will wait to establish a stable Cash Flow. When Governors feel that cash flow is stable, if it is found that the School is able to generate better returns than currently provided in the deposit account investments will be made by creating termly deposits for longer periods with the School's Bankers – Lloyds.

Principal risks and uncertainties

The School has carried out a Financial Risk & Control checklist. This checklist is intended to help review levels of internal control with a view to assessing the likelihood/impact of any risk arising from the controls not being in place. The checklist is completed on an annual basis as part of the annual Statement of Internal Control that is to be signed by the Head teacher, Chair of Governors or Chair of Resource Employment & Finance Committee.

An essential part of financial planning is consideration of risks to the School. This covers all risks, not merely financial risks, as mitigation of non-financial risks can still have financial consequences. The SBM maintains a detailed risk-register. This needs to be updated regularly and considered by the Governing Body alongside the annual budget submission. The Resource Employment Finance and Audit Committee should have risk management as a standing item on their agenda, and any significant changes to the register should be considered at each meeting.

The principal risks have been identified as:

- Reputational – to continue to attract significant numbers of pupils by maintaining and improving educational standards
- EFA Funding – there is no guarantee that government policy or practice will remain the same, policy changes could have a negative impact on funding levels
- Universal Infant Free School Meals – the introduction of UIFSM could potentially affect the level of funding if parents entitled to Free School Meals do not register their entitlement

Plans for future periods

PUPILS - Confident, motivated children with a clear picture of their role and where they fit as twenty first century young people

PARENTS - Further informed on what their children are learning, and how they can help them, attending workshops and parent partnerships. Clear online reporting in Year 1 and Reception

CURRICULUM – Bespoke spelling sessions

SKELTON PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

STANDARDS - Secure an outstanding OFSTED status

COLLABORATIONS - Working in a number of high quality collaborations, directly impacting on standards for our children

PERFORMANCE - Meeting & beating our data targets across all key stages

COMMUNITY - At the very heart of the community in as extended way as possible

ENVIRONMENT - An outstanding learning environment for all. Allowing all expert adults to deliver high quality provision to all learners - especially in standards of teaching

BESPOKE CPD - Offering an outstanding bespoke service for all of our staff

FINANCIALLY - Better off due to more effective income generation methods & practices

ICT - Produce a five year plan to replace equipment

Funds held as custodian trustee on behalf of others

The Academy has no funds for which it is acting as custodian trustee.

Auditor

In so far as the trustees are aware:

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

A resolution proposing that Baldwins Audit Services Limited be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2016 and signed on its behalf by:



E McLeod
Chair

SKELTON PRIMARY SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the principal, 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 Skelton Primary School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
C Farrel	2	3
E McLeod (Chair from 3 November 2016, previously Vice Chair)	3	3
S Walker (Accounting Officer)	3	3
L Willis-Keeler (Chair to 3 November 2016) (Resigned 3 November 2016)	3	3
A Woolf (Resigned 15 September 2015)	0	0
A Oswald	2	3
J Swainson (Resigned 11 September 2015)	0	0
R Lowery (Resigned 26 October 2015)	0	0
D Butcher	3	3
M Brayshaw	3	3
K Chisholm (Resigned 26 October 2016)	2	3
L Allanson (Appointed 17 December 2015)	3	3
M Hewitson (Appointed 7 December 2015 and resigned 2 November 2016)	2	3
T Hill (Appointed 21 March 2016)	1	1
J Shields (Appointed 23 November 2015)	3	3
L Stabler (Appointed 4 November 2016)	0	0

SKELTON PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Governance Reviews

A Governance Review is on the agenda for the next FGM and will hopefully be agreed to take place in the spring term.

The Resource Employment and Finance & Audit Committee is a sub-committee of the main board of trustees. In particular the committee will:

Finance

- consider the Academy's indicative funding, notified annually by the EFA, and assess its implications for the academy, in consultation with the Head Teacher in advance of the financial year, drawing any matters of significance or concern to the attention of the Governing Body;
- consider and recommend to the governing body acceptance of the academy's budget, at the start of each financial year;
- contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Head Teacher with the stated and agreed aims and objectives of the academy;
- receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan;
- liaise with and receive reports from the Curriculum, Achievement and Standards and Children, Families and Community Committees, as appropriate, and make recommendations to those committees about the financial aspects of matters being considered by them;
- monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the Governing Body;
- monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis and in response to reports from the accounting officer/responsible officer, including the implementation of bank account arrangements and, where appropriate, make recommendations to the governing body for improvement;
- approve the financial statement for filing in accordance with Companies Act and Charity Commission requirements;
- be responsible to the Board for ensuring compliance with the Funding Agreement and all relevant financial regulations relating to the Academy is observed;
- advise on major financial decisions that may affect the Academy's resources and finances and the risks involved in such decisions including value for money;
- oversee treasury management and associated risk;
- advise the Governing Body on other methods of income generation;
- oversee any capital investment programmes and advise the Governing Body as appropriate.

Premises, health and safety

- draw up medium and long term plans relating to the repair, maintenance and development of premises and recommend action to the governing body;
- agree the lettings and charges policy for the use of Academy premises;
- keep the health and safety and emergency procedures and policies under review, ensuring that necessary checks and assessments are carried out and prioritised for action;
- seek professional external advice as and when appropriate, inclusive of support offered through service level agreements, to ensure that the academy complies with all current health and safety requirements.

SKELTON PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Staffing

- agree the staffing establishment and structure (teaching and non-teaching) at least annually in relation to the budget and the Academy development plan;
- keep under review appropriate staffing policies and procedures - to include grievance, discipline, redundancy, capability, sickness absence, performance management, whistle blowing, pay and conditions of employment and ensure staff are consulted and informed appropriately;
- recommend to the governing body the procedure for filling vacancies and making staff appointments below the Leadership Group;
- monitor the impact of equalities and diversity policies on staff recruitment and retention;
- ensure the Academy complies with the latest requirements in relation to safe recruitment and safeguarding procedures;
- consider any issues referred by the head teacher outside any scheme or policy adopted by the governing body.

The day to day running of the School has been delegated to the Head Teacher or her deputy in her absence.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
C Farrel	2	3
S Walker (Accounting Officer)	3	3
K Chisholm (Resigned 26 October 2016)	2	3
L Allanson (Appointed 17 December 2015)	3	3
M Hewitson (Appointed 7 December 2015 and resigned 2 November 2016)	2	3

Governors have a wide mix of experience including data handling, budgeting and personal management. Governors have a good knowledge of the school and its structure and are aware of the main challenges the school faces in raising achievement to and beyond, national levels. During the year M Hewitson, a qualified solicitor, and L Allanson, Finance manager at Freebrough Academy, joined the Governing Body.

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.

SKELTON PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

Area of value for money	Actions taken	Improvement in outcomes for all (incl quantifiable)
New Initiatives	Review of the testing facilities and resources within the new assessment procedures for Y1-6.	Testing materials purchased for reasonable price. Access to great range of tests per year group. Accurate assessment data available for whole school analysis.
Better purchasing	CPD for Peer Review model bought in to train further staff.	Smaller costs per member. Each school able to afford to take SLT Greater knowledge of Ofsted inspection process.
Targeted improvement	Additional Teacher in Y6 and Y3.	Substantial increase in progress for the Y4/Y5 pupils. Gap between targeted children and others is closing. In excess of 6pp for Reading and Writing.
Benchmarking	Pupil Premium: Sutton Trust -booster provided in each yr group -Staff CPD on feedback and marking	All PP groups making good or better progress Staff using feedback to engage more able pupils in challenging activity
Economies of scale	Moderation through COOP cluster (writing assessment moderation).	Moderated writing from Year 1 – Year 6 Agreement in assessment between 19 schools Reduced costs for external moderation

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's 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 Skelton Primary School for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the School 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 trust's significant risk that has been in place for the period 1st September, 2015 to 31st August, 2016 and up to date approval of the annual report and financial statements. The process will be 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 Resource Employment and Finance & 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;
- identification and management of risks.

SKELTON PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The board of trustees has considered the need for a specific internal audit function and has decided

- not to appoint an internal auditor. However the trustees have appointed Baldwins Audit Services Limited, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the school's financial systems. The auditor provides an Internal Assurance report, through the REF Committee on the operation of the systems of control and on the discharge of the board of trustees' responsibilities.

On a termly basis, Baldwins Audit Services Limited, the auditor, reports to the board of trustees, through the REF Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Internal Assurance –spring term schedule tested and reviewed:-

- Accounts and reconciliations
- Risk management
- Purchasing
- Income
- Payroll
- Bank accounts
- Corporate Governance

Key Findings

No high or medium risks were identified during the course of this internal assurance report. There was 1 low risk identified that represent a suggested improvement to procedures that are already working effectively. This was:-

1. Ensure Governors Business Interests are included on the academy's website.

Internal Assurance –summer term schedule tested and reviewed:-

- Previous reports and planning
- Accounts and Reconciliations
- Purchasing
- Income
- Management of Data
- Corporate Governance

Key Findings

No high or medium risks were identified during the course of this internal assurance report. There was 1 low risk identified that represent a suggested improvement to procedures that are already working effectively. This was:-

1. Ensure the Academy's website includes full names of Governors in the last 12 months.

Review of effectiveness

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

- the work of the external auditor
- the work of the management team who have the responsibility for the development and maintenance of the internal control framework.

SKELTON PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

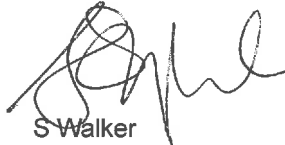
FOR THE YEAR ENDED 31 AUGUST 2016

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

Approved by order of the board of trustees on 12 December 2016 and signed on its behalf by:



E McLeod
Chair



S Walker
Accounting Officer

SKELTON PRIMARY SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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 the EFA.



S Walker
Accounting Officer

12 December 2016

SKELTON PRIMARY SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who act as governors of Skelton Primary School 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 and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2005
- 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 financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on 12 December 2016 and signed on its behalf by:



E McLeod
Chair

SKELTON PRIMARY SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF SKELTON PRIMARY SCHOOL

We have audited the accounts of Skelton Primary School for the year ended 31 August 2016 set out on pages 24 to 44. The financial reporting framework that has been applied in their preparation is applicable law and 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 2015 to 2016 issued by the Education Funding Agency.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, the trustees, who are also the directors of Skelton Primary School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

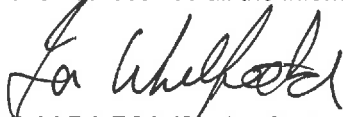
SKELTON PRIMARY SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF SKELTON PRIMARY SCHOOL (CONTINUED)

Matters on which we are required to report by exception

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

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



Ian Whitfield BA FCA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited

Chartered Accountants

Statutory Auditor

Wynyard Park House

Wynyard Avenue

Wynyard

TS22 5TB

Dated: 12 December 2016

SKELTON PRIMARY SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SKELTON PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 23 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Skelton Primary School during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Skelton Primary School's funding agreement with the Secretary of State for Education dated 1 November 2013 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

SKELTON PRIMARY SCHOOL

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

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under EFA delegated authority rules
- consideration of value for money and appropriateness of transactions

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Baldwins Audit Services Limited

Dated: 12 December 2016

SKELTON PRIMARY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General £ Fixed asset £	Total 2016 £	Total 2015 £	
Income and endowments from:						
Donations and capital grants	2	8,460	13,426	10,420	32,306	159,064
Charitable activities:						
- Funding for educational operations	3	50,587	2,511,568	-	2,562,155	2,468,309
Other trading activities	4	59,395	106,867	-	166,262	54,476
Investments	5	703	-	-	703	582
Total income and endowments		<u>119,145</u>	<u>2,631,861</u>	<u>10,420</u>	<u>2,761,426</u>	<u>2,682,431</u>
Expenditure on:						
Raising funds	6	31,494	-	-	31,494	96,559
Charitable activities:						
- Educational operations	7	37,028	2,604,842	99,305	2,741,175	2,496,031
Total expenditure	6	<u>68,522</u>	<u>2,604,842</u>	<u>99,305</u>	<u>2,772,669</u>	<u>2,592,590</u>
Net income/(expenditure)		50,623	27,019	(88,885)	(11,243)	89,841
Transfers between funds		-	(115,004)	115,004	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(787,000)	-	(787,000)	33,000
Net movement in funds		<u>50,623</u>	<u>(874,985)</u>	<u>26,119</u>	<u>(798,243)</u>	<u>122,841</u>
Reconciliation of funds						
Total funds brought forward		240,379	(202,498)	2,827,941	2,865,822	2,742,981
Total funds carried forward		<u>291,002</u>	<u>(1,077,483)</u>	<u>2,854,060</u>	<u>2,067,579</u>	<u>2,865,822</u>

SKELTON PRIMARY SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information		Unrestricted Funds	Restricted funds:		Total 2015
Year ended 31 August 2015			General	Fixed asset	
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	2	6,269	142,367	10,428	159,064
Charitable activities:					
- Funding for educational operations	3	58,330	2,409,979	-	2,468,309
Other trading activities	4	54,476	-	-	54,476
Investments	5	582	-	-	582
Total income and endowments		<u>119,657</u>	<u>2,552,346</u>	<u>10,428</u>	<u>2,682,431</u>
Expenditure on:					
Raising funds	6	96,559	-	-	96,559
Charitable activities:					
- Educational operations	7	14,427	2,398,157	83,447	2,496,031
Total expenditure	6	<u>110,986</u>	<u>2,398,157</u>	<u>83,447</u>	<u>2,592,590</u>
Net income/(expenditure)		8,671	154,189	(73,019)	89,841
Transfers between funds		-	(156)	156	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	17	-	33,000	-	33,000
Net movement in funds		8,671	187,033	(72,863)	122,841
Reconciliation of funds					
Total funds brought forward		<u>231,708</u>	<u>(389,531)</u>	<u>2,900,804</u>	<u>2,742,981</u>
Total funds carried forward		<u>240,379</u>	<u>(202,498)</u>	<u>2,827,941</u>	<u>2,865,822</u>

SKELTON PRIMARY SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		2,854,060		2,817,513
Current assets					
Debtors	12	188,096		136,290	
Cash at bank and in hand		652,216		622,339	
		<u>840,312</u>		<u>758,629</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	<u>(265,793)</u>		<u>(179,320)</u>	
Net current assets			<u>574,519</u>		<u>579,309</u>
Net assets excluding pension liability			<u>3,428,579</u>		<u>3,396,822</u>
Defined benefit pension liability	17		<u>(1,361,000)</u>		<u>(531,000)</u>
Net assets			<u><u>2,067,579</u></u>		<u><u>2,865,822</u></u>
Funds of the academy trust:					
Restricted funds	15				
- Fixed asset funds			2,854,060		2,827,941
- Restricted income funds			283,517		328,502
- Pension reserve			<u>(1,361,000)</u>		<u>(531,000)</u>
Total restricted funds			<u>1,776,577</u>		<u>2,625,443</u>
Unrestricted income funds	15		<u>291,002</u>		<u>240,379</u>
Total funds			<u><u>2,067,579</u></u>		<u><u>2,865,822</u></u>

The accounts set out on pages 24 to 44 were approved by the board of trustees and authorised for issue on 12 December 2016 and are signed on its behalf by:



E McLeod
Chair

Company Number 08693259

SKELTON PRIMARY SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by operating activities	18		154,606		183,169
Cash flows from investing activities					
Dividends, interest and rents from investments		703		582	
Capital grants from DfE and EFA		10,420		10,428	
Payments to acquire tangible fixed assets		(135,852)		(10,135)	
			(124,729)		875
Change in cash and cash equivalents in the reporting period			29,877		184,044
Cash and cash equivalents at 1 September 2015			622,339		438,295
Cash and cash equivalents at 31 August 2016			652,216		622,339

SKELTON PRIMARY SCHOOL

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

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

These accounts for the year ended 31 August 2016 are the first accounts of Skelton Primary School prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie 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 trustees 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.

The increase in the reported share of the LGPS deficit in the year has had a significant impact on our restricted funds, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and restricted general reserves.

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 receivable

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 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.

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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.

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'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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, trustees' meetings and reimbursed expenses.

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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.

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 basis over its expected useful life, as follows:

Buildings	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings and equipment	5 years straight line

The trust's land and buildings are occupied on a 125 year lease from the local authority. In the view of the trustees, the risks and rewards of occupying the site have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. The basis of valuation has been disclosed within the fixed assets note.

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 or services it must provide.

1.7 Leasing and hire purchase commitments

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

1.8 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.

1.9 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.

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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 prospective unit credit method. As stated in note 17, 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 are recognised in the period to which they relate.

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

1.10 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 trustees.

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

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

1.11 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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Private sponsorship	-	13,426	13,426	142,367
Capital grants	-	10,420	10,420	10,428
Other donations	8,460	-	8,460	6,269
	<u>8,460</u>	<u>23,846</u>	<u>32,306</u>	<u>159,064</u>

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	1,979,038	1,979,038	1,852,369
Other DfE / EFA grants	-	333,109	333,109	311,525
	<u>-</u>	<u>2,312,147</u>	<u>2,312,147</u>	<u>2,163,894</u>
Other government grants				
Local authority grants	-	199,421	199,421	246,085
	<u>-</u>	<u>199,421</u>	<u>199,421</u>	<u>246,085</u>
Other funds				
Catering income	37,028	-	37,028	43,903
Other incoming resources	13,559	-	13,559	14,427
	<u>50,587</u>	<u>-</u>	<u>50,587</u>	<u>58,330</u>
Total funding	<u>50,587</u>	<u>2,511,568</u>	<u>2,562,155</u>	<u>2,468,309</u>

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Catering income	1,285	-	1,285	1,545
Income received from pupils	1,122	-	1,122	6,823
Educational visits	24,771	-	24,771	21,723
Other income	32,217	106,867	139,084	24,385
	<u>59,395</u>	<u>106,867</u>	<u>166,262</u>	<u>54,476</u>

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

5	Investment income					
		Unrestricted funds	Restricted funds	Total 2016	Total 2015	
		£	£	£	£	
	Short term deposits	703	-	703	582	
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	
6	Expenditure					
		Staff costs	Premises & equipment	Other costs	Total 2016	Total 2015
		£	£	£	£	£
	Academy's educational operations					
	- Direct costs	1,887,335	-	124,063	2,011,398	1,758,720
	- Allocated support costs	188,376	184,330	357,071	729,777	737,311
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		2,075,711	184,330	481,134	2,741,175	2,496,031
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Other expenditure					
	Raising funds	11,242	-	20,252	31,494	96,559
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Total expenditure	2,086,953	184,330	501,386	2,772,669	2,592,590
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Net income/(expenditure) for the year includes:			2016	2015	
				£	£	
	Fees payable to auditor for:					
	- Audit			6,000	6,000	
	- Other services			5,147	4,283	
	Depreciation of tangible fixed assets			99,305	83,447	
				<u> </u>	<u> </u>	
7	Charitable activities					
		Unrestricted funds	Restricted funds	Total 2016	Total 2015	
		£	£	£	£	
	Direct costs - educational operations	-	2,011,398	2,011,398	1,758,720	
	Support costs - educational operations	37,028	692,749	729,777	737,311	
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	
		37,028	2,704,147	2,741,175	2,496,031	
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities (Continued)

	2016 £	2015 £
Analysis of support costs		
Support staff costs	188,376	282,721
Depreciation and amortisation	99,305	83,447
Technology costs	5,723	17,751
Premises costs	144,046	77,127
Other support costs	228,548	216,117
Governance costs	63,779	60,148
	<u>729,777</u>	<u>737,311</u>

8 Staff costs

	2016 £	2015 £
Wages and salaries	1,636,272	1,539,685
Social security costs	118,910	99,488
Operating costs of defined benefit pension schemes	273,721	239,261
	<u>2,028,903</u>	<u>1,878,434</u>
Staff costs	2,028,903	1,878,434
Supply staff costs	56,550	79,015
Staff development and other staff costs	1,500	1,548
	<u>2,086,953</u>	<u>1,958,997</u>
Total staff expenditure	2,086,953	1,958,997

Staff numbers

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

	2016 Number	2015 Number
Teachers	73	71
Administration and support	4	3
Management	6	6
	<u>83</u>	<u>80</u>

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

(Continued)

Higher paid staff

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

	2016 Number	2015 Number
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees 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 £239,875 (2015: £378,247).

9 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, no expenses were paid to trustees.

The value of trustees' remuneration was as follows:

S Walker (Headteacher)	
Remuneration	£75,001 - £80,000 (2015: 75,001 - £80,000)
Employer's pension contributions	£10,001 - £15,000 (2015: £10,001 - £15,000)
A Oswald (Deputy Headteacher)	
Remuneration	£55,001 - £60,000 (2015: £50,001 - £55,000)
Employer's pension contributions	£5,001 - £10,000 (2015: £5,001 - £10,000)
A Woolf (Teacher)	
Remuneration	£40,001 - £45,000 (2015: £40,001 - £45,000)
Employer's pension contributions	£5,001 - £10,000 (2015: £5,001 - £10,000)
J Shields (Teacher)	
Remuneration	£20,001 - £25,000
Employer's pension contributions	£1 - £5,000

Other related party transactions involving the trustees are set out within the related parties note.

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,157 (2015: £1,191).

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

	Buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 September 2015	2,800,000	-	173,989	2,973,989
Additions	69,224	35,078	31,550	135,852
At 31 August 2016	2,869,224	35,078	205,539	3,109,841
Depreciation				
At 1 September 2015	95,443	-	61,033	156,476
Charge for the year	52,836	6,726	39,743	99,305
At 31 August 2016	148,279	6,726	100,776	255,781
Net book value				
At 31 August 2016	2,720,945	28,352	104,763	2,854,060
At 31 August 2015	2,704,557	-	112,956	2,817,513

Land and buildings were valued on the basis of depreciated replacement cost as at 31 March 2014 by Mouchel on behalf of the EFA. This value was capitalised at the date of conversion.

12 Debtors

	2016 £	2015 £
VAT recoverable	27,040	27,511
Prepayments and accrued income	161,056	108,779
	188,096	136,290

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	145,394	85,658
Other taxation and social security	47,491	38,057
Other creditors	-	115
Accruals and deferred income	72,908	55,490
	265,793	179,320

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

14 Deferred income	2016 £	2015 £
Deferred income is included within:		
Creditors due within one year	45,938	43,029
Deferred income at 1 September 2015	43,029	37,924
Released from previous years	(43,029)	(37,924)
Amounts deferred in the year	45,938	43,029
Deferred income at 31 August 2016	45,938	43,029

Deferred income includes Universal Infants Free School Meals funding and rates grant for the 2016/17 academic year received in advance.

15 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	328,502	1,979,038	(1,909,342)	(115,004)	283,194
Other DfE / EFA grants	-	333,109	(333,109)	-	-
Other government grants	-	199,421	(199,421)	-	-
Other restricted funds	-	120,293	(119,970)	-	323
Funds excluding pensions	328,502	2,631,861	(2,561,842)	(115,004)	283,517
Pension reserve	(531,000)	-	(43,000)	(787,000)	(1,361,000)
	(202,498)	2,631,861	(2,604,842)	(902,004)	(1,077,483)
Restricted fixed asset funds					
DfE / EFA capital grants	10,428	10,420	(2,025)	(10,420)	8,403
Inherited funds	2,796,391	-	(81,060)	-	2,715,331
Capital expenditure from GAG	21,122	-	(16,220)	125,424	130,326
	2,827,941	10,420	(99,305)	115,004	2,854,060
Total restricted funds	2,625,443	2,642,281	(2,704,147)	(787,000)	1,776,577
Unrestricted funds					
General funds	240,379	119,145	(68,522)	-	291,002
Total funds	2,865,822	2,761,426	(2,772,669)	(787,000)	2,067,579

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Other DfE/EFA grants includes universal infant free school meals funding, sports development funding and pupil premium.

Other government grants include funding for pupils with special educational needs and early years funding and other grants from the local authority.

Other restricted funds include Troops 2 School funding, recharges and grants for the library and grounds.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

DfE/EFA capital grants represent Devolved Formula Capital receivable during the period which has been spent on non capitalised expenditure.

The Inherited Fixed Asset Fund reflects the assets acquired on conversion. Depreciation on these assets is charged against this fund.

Capital expenditure has been funded by GAG. Transfers between these funds are reflected in the gains, losses and transfers column.

Unrestricted funds can be used for any purpose, at the discretion of the trustees, within the objectives of the academy trust.

The academy's restricted general and unrestricted funds were £574,519 at 31 August 2016.

16 Analysis of net assets between funds

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2016
	£	£	£	£
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	2,854,060	2,854,060
Current assets	291,002	549,310	-	840,312
Creditors falling due within one year	-	(265,793)	-	(265,793)
Defined benefit pension liability	-	(1,361,000)	-	(1,361,000)
	<u>291,002</u>	<u>(1,077,483)</u>	<u>2,854,060</u>	<u>2,067,579</u>

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £171,705 (2015: £138,517).

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

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 14.6 per cent for employers and 5.5 to 12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £77,000 (2015: £74,000).

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	2016	2015
	£	£
Employer's contributions	74,000	71,000
Employees' contributions	31,000	29,000
	<u>105,000</u>	<u>100,000</u>
	<u><u>105,000</u></u>	<u><u>100,000</u></u>
Principal actuarial assumptions	2016	2015
	%	%
Rate of increases in salaries	3.4	3.5
Rate of increase for pensions in payment	1.9	2.0
Discount rate	2.0	3.8
Inflation assumption (CPI)	1.9	2.0
	<u>1.9</u>	<u>2.0</u>
	<u><u>1.9</u></u>	<u><u>2.0</u></u>

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

	2016	2015
	Years	Years
Retiring today		
- Males	23.1	23.0
- Females	25.6	25.5
Retiring in 20 years		
- Males	25.3	25.2
- Females	28.0	27.8
	<u>28.0</u>	<u>27.8</u>
	<u><u>28.0</u></u>	<u><u>27.8</u></u>

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations	(Continued)	
The academy trust's share of the assets in the scheme	2016	2015
	Fair value	Fair value
	£	£
Equities	970,714	729,178
Government bonds	9,104	15,062
Corporate bonds	9,104	14,176
Cash	66,004	56,704
Property	83,074	54,932
Other assets	-	15,948
	<u>1,138,000</u>	<u>886,000</u>
Actual return on scheme assets - gain/(loss)	<u>150,000</u>	<u>(10,000)</u>
Amounts recognised in the statement of financial activities	2016	2015
	£	£
Current service cost (net of employee contributions)	99,000	102,000
Net interest cost	18,000	18,000
	<u>117,000</u>	<u>120,000</u>
Changes in the present value of defined benefit obligations	2016	2015
	£	£
Obligations at 1 September 2015	1,417,000	1,314,000
Current service cost	99,000	102,000
Interest cost	54,000	49,000
Employee contributions	31,000	29,000
Actuarial gain	901,000	(74,000)
Benefits paid	(3,000)	(3,000)
	<u>2,499,000</u>	<u>1,417,000</u>

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

Changes in the fair value of the academy trust's share of scheme assets	2016	2015
	£	£
Assets at 1 September 2015	886,000	799,000
Interest income	36,000	31,000
Return on plan assets (excluding amounts included in net interest):		
Actuarial loss	114,000	(41,000)
Employer contributions	74,000	71,000
Employee contributions	31,000	29,000
Benefits paid	(3,000)	(3,000)
At 31 August 2016	<u>1,138,000</u>	<u>886,000</u>

18 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the reporting period	(11,243)	89,841
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(10,420)	(10,428)
Investment income	(703)	(582)
Defined benefit pension costs less contributions payable	25,000	31,000
Defined benefit pension net finance cost/(income)	18,000	18,000
Depreciation of tangible fixed assets	99,305	83,447
(Increase)/decrease in debtors	(51,806)	(31,489)
Increase/(decrease) in creditors	86,473	3,380
Net cash provided by operating activities	<u>154,606</u>	<u>183,169</u>

19 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016	2015
	£	£
Amounts due within one year	910	1,010
Amounts due in two and five years	725	480
	<u>1,635</u>	<u>1,490</u>

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Capital commitments

	2016 £	2015 £
Expenditure contracted for but not provided in the accounts	25,305	46,936

21 Related party transactions

Owing to the nature of the academy trust'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 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.

No related party transactions took place during the year.

22 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.

23 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP	2,742,981	2,865,822
Change in recognition of LGPS interest cost	1	-
Funds reported under FRS 102	2,742,981	2,865,822

Reconciliation of net income for the previous financial period

	Notes	2015 £
Net income previously reported under UK GAAP		117,841
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	1	(28,000)
Net income reported under FRS 102		89,841

SKELTON PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

23 Reconciliations on adoption of FRS 102

(Continued)

Notes to reconciliations on adoption of FRS 102

1 - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £28,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

No other material adjustments were identified.