

Devonshire Primary Academy
Annual Report and Financial Statements
Period Ended 31 August 2016

DEVONSHIRE PRIMARY ACADEMY

Statement of Financial Activities for the Year Ended 31st August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Incoming from						
Donations and capital grants	2	450	2,041	14,642	17,133	5,435
Transfer from local authority on conversion		0	0	0	0	0
Charitable activities:						
Funding for the academy trust's educational operations	3	0	2,543,681		2,543,681	2,509,360
Other trading activities	4	147,427	7,725	0	155,152	145,448
Investments	5	837	0	0	837	721
Total		148,714	2,553,447	14,642	2,716,803	2,660,964
Expenditure on						
Raising funds		121,830	0	0	121,830	107,079
Charitable activities :						
Academy trust educational operations		0	2,554,688	106,283	2,660,971	2,462,176
Other						
Total		121,830	2,554,688	106,283	2,782,801	2,569,255
Net income / (expenditure)		26,884	(1,241)	(91,641)	(65,998)	91,709
Transfer between funds						
		0	(97,164)	97,164	0	
		26,884	(98,405)	5,523	(65,998)	91,709
Other recognised gains / (losses)						
Actuarial (losses) gains on defined benefit pension schemes		0	(437,000)	0	(437,000)	(29,000)
Net movement in funds		26,884	(535,405)	5,523	(502,998)	62,709
Reconciliation of funds						
Total funds brought forward		60,283	(186,111)	7,394,637	7,268,809	7,206,100
Total funds carried forward		87,167	(721,516)	7,400,160	6,765,811	7,268,809

All of the academy's activities derive from continuing operations during the above two financial periods.

DEVONSHIRE PRIMARY ACADEMY
Balance sheet as at 31 August 2016

Company Number
8597962

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	11	<u>7,400,160</u>	7,400,160	<u>7,394,637</u>	7,394,637
Current assets					
Stock	12	10,736		9,562	
Debtors	13	109,788		98,761	
Cash at bank and in hand		<u>668,575</u>		<u>689,686</u>	
		789,099		798,009	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(208,448)</u>		<u>(195,837)</u>	
Net current assets			580,651		602,172
Total assets less current liabilities			<u>7,980,811</u>		<u>7,996,809</u>
Creditors: Amounts falling due after more than one year			0		0
Net assets excluding pension liability			<u>7,980,811</u>		<u>7,996,809</u>
Defined benefit pension scheme liability	27	(1,215,000)		(728,000)	
Total assets			<u>6,765,811</u>		<u>7,268,809</u>
Fund of the academy trust :					
Restricted funds					
- Fixed asset fund	15		7,400,160		7,394,637
- Restricted income fund	15		493,484		541,889
- Pension reserve	15	(1,215,000)		(728,000)	
Total restricted funds			6,678,644		7,208,526
Unrestricted income funds			87,167		60,283
Total funds			<u>6,765,811</u>		<u>7,268,809</u>

The financial statements on pages 1 to 25 were approved by the governors, and authorised for issue on /12/2016 and are signed on their behalf by :

[Signed]

[]
 [Chair]

DEVONSHIRE PRIMARY ACADEMY**Statement of Cash Flows for the year ended 31 August 2016**

	Notes	2016	£	2015 £
Cash flows from operating activities				
Net cash provided by (used in) operating activities	21	75,216		188,840
Cash flows from investing activities	22	(96,327)		(31,779)
Cash flows from financing activities	23	0		0
Change in cash and cash equivalents in the reporting period		(21,111)		157,061
Cash and cash equivalents at 1 September 2015		689,686		532,625
Cash and cash equivalents at 1 September 2016	25	668,575		689,686

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of 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.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Blackpool Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Devonshire Primary Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Devonshire Primary Academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'].

Reconciliations to previous UK GAAP for the comparative figures are included in notes 2 to 7.

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

[Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.]

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of Total Funds

	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		7,206,100	7,266,814
Employee benefits accrual	B	0	1,995
Total funds reported under FRS 102		<u>7,206,100</u>	<u>7,268,809</u>

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Reconciliation of net income/(expenditure)

	Notes	31 August 2015 £
Net income/(expenditure) previously reported under UK GAAP		100,714
Change in recognition of LGPS interest cost	A	(11,000)
Employee benefits accrual	B	1,995
Net movement in funds reported under FRS 102		<u>91,709</u>

A – 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 debit to expense by £11,000 and reduce the credit in other recognised gains and losses in the SoFA by an equivalent amount.

B – Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. Certain employees are entitled to carry forward any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received. A provision of £0 was recognised at 1 September 2014, and £1,995 at 31 August 2015. The movement on this provision of £1,995 has been charged to the SOFA in the year ended 31 August 2015.

Going Concern

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

Incoming Resources

All incoming resources are recognised when each academy within the Multi Academy Trust (MAT) has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

▪ Grants

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

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

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

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

▪ Sponsorship income

Sponsorship income provided to the academies within the MAT which amount to donations are recognised in the Statement of Financial Activities in the period in which they are 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 that the schools, within the MAT, have 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.

▪ Land and Buildings

The land and buildings have been transferred to each Academy within the MAT on a long-term basis under a lease at peppercorn rental. The accounting treatment is in line with the relevant Statement of Standard Accounting Practice (SSAP21) and Financial Reporting Standard (FRS5). Under the terms of the lease all the risks and rewards of ownership of the assets are transferred to each Academy within the MAT and therefore, they are recognised on the balance sheet as a fixed asset with a corresponding entry to voluntary income as a gift in kind. A fair value of the assets has been determined based on the most recent valuation undertaken by the Local Authority (Lessor). The value of the school buildings will be depreciated in accordance with the MAT's depreciation policy

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

Expenditure on Raising Funds

This includes all expenditure incurred by the schools, within the MAT, 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 educational operations of the academies within the MAT, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Conversion to Academy Trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from each of the predecessor schools (Park Special School, Anchorsholme Primary and Devonshire Primary) and subsequent sponsored school (Revoe Primary School) to the Multi Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Blackpool Multi Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

▪ Land and Buildings

Existing land and buildings were transferred to the academies within the MAT under long term leases for a peppercorn rental. Further details are provided in note 20.

▪ Other Fixed Assets

On conversion, furniture and equipment were transferred to each academy within the MAT at a cost of £nil. These are included in the accounts at a fair value with a corresponding amount included in voluntary income as a gift in kind.

▪ Pensions

The actuaries for the Local Government Pension Scheme have provided a valuation of the scheme liabilities relating to the staff within the scheme who transferred from each of the predecessor schools and subsequent sponsored school to Blackpool Multi Academy Trust on conversion. Further details of the pension scheme are provided in note 26.

▪ Other Assets

An amount equivalent to each of the predecessor schools and subsequent sponsored school's accumulated reserves were paid over the academy trust from the Local Authority on conversion.

Tangible Fixed Assets

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold buildings	2% straight line
Long leasehold buildings	0.8% straight line
Fixtures, fittings and equipment	10% straight line
ICT equipment	33% straight line
Motor Vehicles	15% reducing balance over 6 years

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Investments

None of the academies within the MAT hold any long term investments.

Stock

Unsold uniforms stocks are valued at the lower of cost or net realisable value.

Taxation

The Multi 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.

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

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 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.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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.

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Capital Grants	0	14,642	14,642	3,874
Donated fixed assets	0	0	0	0
Donations	450	2,041	2,491	1,561
	450	16,683	17,133	5,435

The income from donations and capital grants was £17,133 (2015: £5,435) of which £450 was unrestricted (2015: £15), £2,041 restricted (2015:£1,546) and £14,642 restricted fixed assets (2015: £3,874).

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DFE / EFA Grants				
General Annual Grant (GAG)	0	1,989,642	1,989,642	1,976,973
Start Up Grants	0	0	0	0
Other DFE / EFA Grants	0	478,898	478,898	520,262
	0	2,468,540	2,468,540	2,497,235
Other Government Grants				
Local Authority Grants	0	75,141	75,141	5,566
Special Educational Projects	0	75,141	75,141	5,566
Other income from the academy trust's educational operations	0	0	0	6,559
	0	2,543,681	2,543,681	2,509,360

The funding for the academy trust's educational operations was £2,543,681 (2015: £2,509,360) of which £nil was unrestricted (2015: £nil), £2,543,681 restricted (2015: £2,509,360) and £nil restricted fixed assets (2015: £nil).

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

4. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Hire of Facilities	5,580	0	5,580	4,248
Catering Income	644	0	644	816
Contributions to Trips	10,378	0	10,378	11,191
Nursery/ After School/ Breakfast Club Income	115,229	0	115,229	105,021
Other Activities	14,389	7,725	22,114	22,640
Music Income	1,207	0	1,207	1,532
	147,427	7,725	155,152	145,448

The income from other trading activities was £155,152 (2015: £145,448) of which £147,427 was unrestricted (2015: £142,679), £7,725 restricted (2015: £2,768) and £nil restricted fixed assets (2015: £nil).

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Short term Deposits	837	0	837	721
	837	0	837	721

The income from investments was £837 (2015: £721) which was all unrestricted

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6. Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other Costs	2016	2015
	£	£	£	£	£
Expenditure on raising funds	115,960	0	5,870	121,830	107,079
Academy's educational operations					
- Direct costs	1,806,330	0	260,079	2,066,409	1,834,711
- Allocated support costs	254,979	111,234	228,349	594,562	627,465
	<u>2,177,269</u>	<u>111,234</u>	<u>494,298</u>	<u>2,782,801</u>	<u>2,569,255</u>

	Total	Total
Net income (expenditure) for the period includes:	2016	2015
	£	£
Operating lease rentals	9,560	4,310
Depreciation	106,283	99,501

Total expenditure was £2,782,801 (2015: £2,569,255) of which £121,830 was unrestricted (2015: £107,079), £2,554,689 restricted (2015: £2,362,675) and £106,283 restricted fixed assets (2015: £99,501)

7. Charitable Activities

	Total 2016	Total 2015
	£	£
Direct costs - educational operations	2,066,409	1,834,711
Support costs - educational operations	594,562	627,465
	<u>2,660,971</u>	<u>2,462,176</u>
Analysis of support costs		
Support staff costs	254,979	279,367
Premises Costs	111,234	133,306
Other support costs	222,827	205,866
Governance	5,522	8,926
	<u>594,562</u>	<u>627,465</u>

Expenditure on charitable activities was £2,660,971 (2015: £2,462,176) of which £nil was unrestricted (2015: £nil), £2,554,689 restricted (2015: £2,362,675) and £106,283 restricted fixed assets (2015: £99,501)

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8. Staff

a. Staff Costs

	Total 2016 £	Total 2015 £
Staff costs during the period were:		
Wages and salaries	1,687,483	1,655,078
Social security costs	113,441	101,913
Operating costs of defined benefit pension schemes	315,285	241,408
	<u>2,116,209</u>	<u>1,998,399</u>
Supply staff costs	43,653	1,129
Other staff costs	17,407	41,098
Staff restructuring costs	0	0
	<u>2,177,269</u>	<u>2,040,626</u>

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2016 No.	2015 No.
Teachers	26.2	23.9
Administration and support	39.3	38.1
Management	3.5	3.5
	<u>69</u>	<u>65.5</u>

d. Higher paid staff

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

	2016 No.	2015 No.
£80,001 - £90,000	1	1

The above employee participated in the Teacher's Pension Scheme. During the year ended 31 August 2016, pension contributions for this employee amounted to £13,628 (2015: £11,550)

e. Key management staff

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by the key management personnel for their services to the academy trust was £405,598 (2015: £361,021)

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

9. Related Party Transactions – Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment.

The value of trustees' remuneration and benefits was as follows:

Neil Hodgkins (Principal and trustee):

Remuneration	£80,000 - £85,000 (2015: £80,000 - £85,000)
Employer's Pension contributions	£10,000 - £15,000 (2015: £10,000 - £15,000)

Andrew Brannigan (Staff trustee):

Remuneration	£40,000 - £45,000 (2015: £40,000 - £45,000)
Employer's Pension contributions	£10,000 - £15,000 (2015: £10,000 - £15,000)

Rachel Thomas (Staff Trustee):

Remuneration	£20,000 - £25,000 (2015: £20,000 - £25,000)
Employer's Pension contributions	£0 - £5,000 (2015: £0 - £5,000)

Julie Wall (Staff Trustee):

Remuneration	£10,000 - £15,000 (2015: £10,000 - £15,000)
Employer's Pension contributions	£0 - £5,000 (2015: £0 - £5,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £nil (2015: £nil) were reimbursed to governors.

Other related party transactions involving the trustees are set out in note 27

10. Trustees' and Officers' Insurance

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

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

11. Tangible Fixed Assets

	Freehold land & Buildings £	Leasehold Land & Buildings £	Furniture & Equipme nt £	Compute r Equipme nt £	Motor Vehicle £	Total £
Cost						
At 1 September 2015	0	7,382,144	84,800	109,350	0	7,576,294
Additions	0	99,100	0	12,706	0	111,806
Disposals	0	0	0	0	0	0
At 31 August 2016	0	7,481,244	84,800	122,056	0	7,688,100
Depreciation						
At 1 September 2015	0	118,108	16,964	46,585	0	181,657
Charged in year	0	59,128	8,480	38,675	0	106,283
Disposals	0	0.00	0	0	0	0
At 31 August 2016	0	177,236	25,444	85,260	0	287,940
Net Book Values						
At 31 August 2015	0	7,264,036	67,836	62,765	0	7,394,637
At 31 August 2016	0	7,304,008	59,356	36,796	0	7,400,160

12. Stock

	2016 £	2015 £
Clothing	10,736	9,562
	<u>10,736</u>	<u>9,562</u>

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

13. Debtors

	2016	2015
	£	£
Trade debtors	0	0
VAT recoverable	6,071	8,749
Other debtors	1,899	1,995
Prepayments and accrued income	<u>101,818</u>	<u>88,017</u>
	<u>109,788</u>	<u>98,761</u>

14. Creditors: Amounts Falling due within one Year

	2016	2015
	£	£
Trade creditors	0	0
Other taxation and social security	35,700	32,516
Other creditors	31,624	31,235
Accruals and deferred income	<u>141,124</u>	<u>132,086</u>
	<u>208,448</u>	<u>195,837</u>

Deferred income

	2016	2015
	£	£
Deferred income at 1 September 2015	66,951	23,306
Resources deferred in the year	32,907	66,951
Amounts released from previous years	<u>(66,951)</u>	<u>(23,306)</u>
Deferred income at 31 August 2016	<u>32,907</u>	<u>66,951</u>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals, Nursery additional funding, NNDR grant and SEN funding.

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15. Funds

	Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	160,261	1,989,642	(1,969,934)	(97,164)	82,805
Start Up Grant	7,655	0	(7,655)	0	0
Pupil Premium	93,605	430,163	(523,768)	0	0
Other Grants	280,368	133,642	(3,331)	0	410,679
Pension Reserve	(728,000)	0	(50,000)	(437,000)	(1,215,000)
	<u>(186,111)</u>	<u>2,553,447</u>	<u>(2,554,688)</u>	<u>(534,164)</u>	<u>(721,516)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	44,386	14,642	(22,996)	0	36,032
Capital expenditure from GAG	7,868	0	(5,239)	97,164	99,793
Donations in kind	7,342,383	0	(78,048)	0	7,264,335
Private sector capital sponsorship	0	0	0	0	0
	<u>7,394,637</u>	<u>14,642</u>	<u>(106,283)</u>	<u>97,164</u>	<u>7,400,160</u>
Total restricted funds	<u>7,208,526</u>	<u>2,568,089</u>	<u>(2,660,971)</u>	<u>(437,000)</u>	<u>6,678,644</u>
Unrestricted funds	<u>60,283</u>	<u>148,714</u>	<u>(121,830)</u>	<u>0</u>	<u>87,167</u>
Total unrestricted funds	<u>60,283</u>	<u>148,714</u>	<u>(121,830)</u>	<u>0</u>	<u>87,167</u>
Total funds	<u>7,268,809</u>	<u>2,716,803</u>	<u>(2,782,801)</u>	<u>(437,000)</u>	<u>6,765,811</u>

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 Multi Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

- Start Up Grant was used for costs related to academy conversion.

- Other DfE/EFA Grants include:

Pupil Premium Grant provides additional support for children receiving free school meals, service children and looked after children

PE & Sports Grant is designed to help primary schools improve the quality of the PE and sports activities they offer their pupils.

Universal Infant Free School Meal Grant enables each child in the infants to receive a free lunch time meal.

Other restricted funds include additional Local Authority SEN support for specific pupils

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2015

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16. Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Intangible fixed assets				0
Tangible fixed assets	0	0	7,400,160	7,400,160
Current assets	87,167	701,933	0	789,099
Current liabilities	0	(208,448)	0	(208,448)
Pension scheme liability	0	(1,215,000)	0	(1,215,000)
Total net assets	87,167	(721,516)	7,400,160	6,765,811

17. Capital Commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements	0	0

18. Financial Commitments

Operating leases

At 31 August 2016 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts due within one year	13,067	4,310
Amounts due between one and five years	42,625	0
Amounts due after five years	0	0
	<u>55,692</u>	<u>4,310</u>

Note:

On conversion the existing school premises were leased to the academy from the Local Authority on a long term lease with a peppercorn rental. Under the terms of the lease all risks and rewards of ownership of the asset are substantially transferred to the academy and therefore, they have been recognised on the balance sheet as a fixed asset with a corresponding entry to voluntary income as a gift in kind.

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

19. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income/(expenditure for the reporting period (as per statement of reporting activities)	(65,998)	91,709
Adjusted for:		
Amortisation	0	0
Depreciation (Note 11)	106,283	99,501
Capital grants from DfE and other capital grants	(14,642)	(3,874)
Interest receivable (Note 5)	(837)	(721)
Defined pension benefit scheme obligation inherited	0	0
Defined benefit pension scheme cost less contributions payable (Note 26)	23,000	15,000
Defined benefit pension scheme finance cost (Note 26)	27,000.00	24,000
(Increase)/decrease in stocks	(1,174)	(9,562)
(Increase)/decrease in debtors	(11,027)	(57,201)
Increase/(decrease) in creditors	12,611	29,988
Net cash provided by / (used in) operating activities	75,216	188,840

20. Cash Flows from Financing Activities

	2016 £	2015 £
Repayments from borrowing		
Cash inflows from new borrowing	0	0
Net cash provided by / (used in) financing activities	0	0

21. Cash flows from Investing Activities

	2016 £	2015 £
Dividends, interest and rent from investments	837	721
Proceeds from sale of tangible fixed assets	0	0
Purchase of intangible fixed assets	0	0
Purchase of tangible fixed assets	(111,806)	(36,375)
Capital grants from DfE / EFA	14,642	3,874
Capital funding received from sponsors and others		
Net cash provided by / (used in) investing activities	(96,327)	(31,779)

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22. Analysis of Cash and Cash Equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash in hand and at bank	668,575	689,686
Notice deposits (less than 3 months)	0	0
Total cash and cash equivalents	668,575	689,686

23. Guarantees, Letters of Comfort and Indemnities

There were no guarantees, letters of comfort and indemnities provided by the trust during the year.

24. Contingent Liabilities

There are no known contingent liabilities at the balance sheet date.

25. Members' Liability

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

26. Pension and Similar Obligations

The academy'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 Lancashire County Council. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and the LGPS 31 March 2013 Contributions amounting to £32,768 were payable to the schemes at 31 August 2016 (2015: £30,143) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010 and, from 1 April 2014, by the Teachers' Pension Service 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.

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26. Pension and Similar Obligations (continued)

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 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% 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 TPS in the period amounted to £274,762 (2015 £252,100)

A copy of the valuation report and supporting documentation is on the [Teachers' Pension website](#)

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £92,067, of which employer's contributions totalled £63,178 and employees' contributions totalled £28,889 (2015:£79,561, of which employer's contributions totalled £54,168 and employees' contributions totalled £25,393). The agreed contribution rates for future years are 12.3 per cent for employers and will range between 5.5 per cent and 12.5 per cent for employees dependant on their salary.

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.

Devonshire Primary Academy has entered into an agreement to make additional contributions in addition to normal funding levels over a 3 year period as follows:

1 April 2014 - 31 March 2015	£29,600
1 April 2015 - 31 March 2016	£30,800
1 April 2016 - 31 March 2017	£32,100

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26. Pension and Similar Obligations (continued)

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.3%	3.8%
Rate of increase for pensions in payment / inflation	1.9%	2.3%
Discount rate for scheme liabilities	2.1%	4.0%
Inflation assumption (CPI)	1.8%	2.3%
Commutation of pensions to lump sums		

A sensitivity analysis for the principle assumptions used to measure scheme liabilities, shows that an increase of 0.1% per annum in the discount rate would reduce the deficit by £46,000. An increase of 0.1% per annum in inflation would increase the pension deficit by £48,000, an increase of 0.1% in pay growth would increase the pension deficit by £18,000 and an increase of 1 year in life expectancy would increase the deficit by £38,000.

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23.0	22.9
Females	25.6	25.4
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	27.9	27.8

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26. Pension and Similar Obligations (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	364,000	223,000
Bonds	24,000	53,000
Property	89,000	59,000
Other	465,000	313,000
Total market value of assets	942,000	648,000
Present value of scheme liabilities		
- Funded	(2,157,000)	(1,376,000)
Surplus / (deficit) in the scheme	(1,215,000)	(728,000)

The actual return on scheme assets was £177,000 (2015: £22,000)

The financial actuarial assumptions to be used for IAS19 & FRS101/102 calculations for 31 August year ends depend on market yields at that date. The assumptions are based on a yield on corporate bonds of around 2.1% and a market-implied RPI inflation figure of about 3.0% (+/- adjustments according to the duration of the liabilities). However, benefit increases under the LGPS are based on CPI, not RPI, and to calculate our CPI assumption we deduct a margin (currently 1.2%) from the market-implied RPI figure. This margin is partly to allow for supply/demand distortions in the investment markets and partly because CPI is currently a lower measure of inflation than RPI.

Increases in pensions and deferred pensions are in line with CPI but are subject to a minimum of zero. To allow for this we will use an increase rate that is 0.1% higher than our base CPI assumption rate. There is no adjustment of this nature to our proposed active post 1 April 2014 CARE revaluation rate as there is no annual minimum of zero. Our proposed salary growth assumption is consistent with the results of the latest formal actuarial valuation of the Fund (i.e. the same long-term "real" salary inflation assumption in excess of CPI inflation, and allowing for any short term pay assumptions).

There has been a significant decrease in the discount rate during the year with a far smaller reduction in the CPI inflation assumption. The effect of this will in general be a large increase in liabilities of between about 30% and 50% of liabilities. There were some gains in investment markets over the period, so we would normally expect to see an increase in the asset values due to this effect, the extent of which will depend on the investment strategy of the Fund. The overall effect is likely to be an increase in deficits over the year for most employers.

The pension cost for the year is based on assumptions as at the start of the year. There is likely to be an increase in projected current service cost for 2016/17 when compared to the 2015/16 year as a result of the decrease in the discount rate mentioned above. There will also be an increase in the projected net interest cost as a result of the higher balance sheet deficit. The overall effect is likely to be a higher pension cost going through SOFA for 2016/17 when compared with 2015/16

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26. Pension and Similar Obligations (continued)

Amounts recognised in the statement of financial activities	2016 £	2015 £
Current service cost (net of employee contributions)	115,000	102,000
Net interest cost	27,000	24,000
Administration expenses	2,000	2,000
Benefit changes, gain/(loss) on curtailment and gain /(loss) on settlement	0	0
Total operating charge	144,000	128,000

Changes in the present value of defined benefit obligations were as follows:

	2016 £	2015 £
At 1 September	1,376,000	1,186,000
Current service cost	115,000	102,000
Interest cost	55,000	47,000
Employee contributions	29,000	26,000
Actuarial (gain) / loss	586,000	29,000
Benefits paid	(4,000)	(14,000)
Plan introductions, benefit changes, curtailments and settlements	0	0
At 31 August	2,157,000	1,376,000

Changes in fair value of academy's share of scheme assets:

	2016 £	2015 £
At 1 September	648,000	526,000
Interest income	28,000	23,000
Return on plan assets (excluding net interest on the net defined pension liability)	149,000	0
Actuarial gain / (loss)	0	0
Employer contributions	94,000	87,000
Employee contributions	29,000	26,000
Benefits paid	(4,000)	(14,000)
Plan introductions, benefit changes, curtailments and settlements	(2,000)	0
At 31 August	942,000	648,000

DEVONSHIRE PRIMARY ACADEMY

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

27. Related Party Transactions

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9

28. Events after the end of the Reporting Period

There were no events arising after the balance sheet date.

29. Agency Arrangements

No agency arrangements have been entered into during the period of account.