

Devonshire Primary Academy
Annual Report and Financial Statements
Period Ended 31 August 2017

Devonshire Primary Academy

Devonshire Primary Academy

Statement of Financial Activities for the Year Ended 31st August 2017

(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
Incoming from						
Donations and capital grants	2	0	0	9,267	9,267	17,133
Charitable activities:						
Funding for the academy trust's educational operations	3	0	2,539,238	0	2,539,238	2,543,681
Other trading activities	4	156,221	1,941	0	158,162	155,152
Investments	5	449	0	0	449	837
Total		156,670	2,541,179	9,267	2,707,116	2,716,803
Expenditure on						
<i>Raising funds</i>	6	114,550	0	0	114,550	121,830
Charitable activities :						
Academy trust educational operations	6 & 7	0	2,667,066	102,931	2,769,997	2,660,971
Total		114,550	2,667,066	102,931	2,884,547	2,782,801
Net income / (expenditure)		42,120	(125,887)	(93,664)	(177,431)	(65,998)
Transfer between funds		(47,511)	(29,412)	76,923	0	0
		(5,391)	(155,299)	(16,741)	(177,431)	(65,998)
Other recognised gains / (losses)						
Actuarial (losses) gains on defined benefit pension schemes		0	(22,000)	0	(22,000)	(437,000)
Net movement in funds		(5,391)	(177,299)	(16,741)	(199,431)	(502,998)
Reconciliation of funds						
Total funds brought forward		87,167	(721,516)	7,400,160	6,765,811	7,268,809
Total funds carried forward		81,776	(898,815)	7,383,419	6,566,380	6,765,811

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

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Balance sheet as at 31 August 2017

Company Number
8597962

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11	<u>7,383,419</u>		<u>7,400,160</u>	
			7,383,419		7,400,160
Current assets					
Stock	12	4,405		10,736	
Debtors	13	124,987		109,788	
Cash at bank and in hand		<u>563,747</u>		<u>668,575</u>	
		693,139		789,099	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(157,178)</u>		<u>(208,448)</u>	
Net current assets			<u>535,961</u>		<u>580,651</u>
Total assets less current liabilities			7,919,380		7,980,811
Creditors: Amounts falling due after more than one year			0		0
Net assets excluding pension liability			<u>7,919,380</u>		<u>7,980,811</u>
Defined benefit pension scheme liability	25		<u>(1,353,000)</u>		<u>(1,215,000)</u>
Total assets			<u>6,566,380</u>		<u>6,765,811</u>
Fund of the academy trust :					
Restricted funds					
- Fixed asset fund	15		7,383,419		7,400,160
- Restricted income fund	15		454,185		493,484
- Pension reserve	15		<u>(1,353,000)</u>		<u>(1,215,000)</u>
Total restricted funds			<u>6,484,604</u>		<u>6,678,644</u>
Unrestricted income funds	15		81,776		87,167
Total funds			<u>6,566,380</u>		<u>6,765,811</u>

The financial statements on pages 2 to 23 were approved by the governors, and authorised for issue on / /2017 and are signed on their behalf by :

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Statement of Cash Flows

for the year ended 31 August 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	(28,354)	75,216
Cash flows from investing activities	20	(76,474)	(96,327)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(104,828)	(21,111)
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2016		668,575	689,686
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2017 [Chair]	21	563,747	668,575

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Notes to the Financial Statements for the Year Ended 31 August 2017

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.

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.

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Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

▪ **Sponsorship income**

Sponsorship income provided to the academies within the MAT 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 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.

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Notes to the Financial Statements for the Year Ended 31 August 2017 (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 18.

▪ 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 25.

▪ 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

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Notes to the Financial Statements for the Year Ended 31 August 2017 (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 25, 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.

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Notes to the Financial Statements for the Year Ended 31 August 2017 (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 25, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

2. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital Grants	0	9,267	9,267	14,642
Donations	0	0	0	2,491
	0	9,267	9,267	17,133

The income from donations and capital grants was £9,267 (2016: £17,133) of which £nil was unrestricted (2016: £450), £nil restricted (2016: £2,041) and £9,267 restricted fixed assets (2016: £14,642)

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
DFE / ESFA Grants				
General Annual Grant (GAG)	0	1,962,752	1,962,752	1,989,642
Other DFE / ESFA Grants	0	484,336	484,336	478,898
	0	2,447,088	2,447,088	2,468,540
Other Government Grants				
Local Authority Grants	0	69,546	69,546	75,141
Special Educational Projects	0	22,604	22,604	0
	0	92,150	92,150	75,141
	0	2,539,238	2,539,238	2,543,681

The funding for the academy trust's educational operations was £2,539,238 (2016: £2,543,681) of which £nil was unrestricted (2016: £nil), £2,539,238 restricted (2016: £2,543,681) and £nil restricted fixed assets (2016: £nil)

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Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

4. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Hire of Facilities	6,030	0	6,030	5,580
Catering Income	1,451	0	1,451	644
Contributions to Trips	8,923	0	8,923	10,378
Nursery/ After School/ Breakfast Club Income	117,714	0	117,714	115,229
Other Activities	21,225	1,941	23,166	22,114
Music Income	878	0	878	1,207
	156,221	1,941	158,162	155,152

The income from other trading activities was £158,162 (2016: £155,152) of which £156,221 was unrestricted (2016: £147,427), £1,941 restricted (2016: £7,725) and £nil restricted fixed assets (2016: £nil)

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Short term Deposits	449	0	449	837
	449	0	449	837

The income from investments was £449 (2016: £837) which was all unrestricted

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Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6. Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2017	2016
	£	£	Costs	£	£
			£		
Expenditure on raising funds	110,290	0	4,260	114,550	121,830
Academy's educational operations					
- Direct costs	1,797,292	0	251,444	2,048,736	2,066,409
- Allocated support costs	338,982	147,328	234,951	721,261	594,562
	<u>2,246,564</u>	<u>147,328</u>	<u>490,655</u>	<u>2,884,547</u>	<u>2,782,801</u>

	Total	Total
Net income (expenditure) for the period includes:	2017	2016
	£	£
Operating lease rentals	13,067	9,560
Depreciation	102,931	106,283
(Gain)/loss on disposal of fixed assets		
Amortisation of intangible fixed assets (included within Charitable Activities - Academy trust educational operations)		
Fees payable to auditor - audit		
- other services		

Total expenditure was £2,884,547 (2016: £2,782,801) of which £114,550 was unrestricted (2016: £121,830), £2,667,066 restricted (2016: £2,554,689) and £102,931 restricted fixed assets (2016: £106,283)

7. Charitable Activities

	Total	Total
	2017	2016
	£	£
Direct costs - educational operations	2,048,736	2,066,409
Support costs - educational operations	721,261	594,562
	<u>2,769,997</u>	<u>2,660,971</u>
Analysis of support costs		
Support staff costs	338,982	254,979
Premises costs	147,328	111,234
Other support costs	230,315	222,827
Governance costs	4,636	5,522
Total Support Costs	<u>721,261</u>	<u>594,562</u>

Expenditure on charitable activities was £2,769,997 (2016: £2,660,971) of which £nil was unrestricted (2016: £nil), £2,667,066 restricted (2016: £2,554,689) and £102,931 restricted fixed assets (2016: £106,283)

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Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8. Staff

a. Staff Costs

	Total 2017 £	Total 2016 £
Staff costs during the period were:		
Wages and salaries	1,669,528	1,687,483
Social security costs	132,711	113,441
Operating costs of defined benefit pension schemes	391,774	315,285
Apprenticeship levy	3,295	0
	<u>2,197,308</u>	<u>2,116,209</u>
Supply staff costs	21,428	43,653
Other staff costs	23,171	17,407
Staff restructuring costs	4,657	0
	<u>2,246,564</u>	<u>2,177,269</u>
Staff restructuring costs comprise:		
Redundancy payments	4,657	0
	<u>4,657</u>	<u>0</u>

b. Non statutory/non-contractual staff severance payments

There are no non-statutory/non-contractual severance payments included in the staff restructuring costs

c. Staff numbers

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

	2017 No.	2016 No.
Teachers	24.2	26.2
Administration and support	34.0	39.3
Management	4.0	3.5
	<u>62.2</u>	<u>69.0</u>

d. Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	1	0
£80,001 - £90,000	1	1
	<u>2</u>	<u>1</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for these employees amounted to £20,732 (2016: £13,628)

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 £344,337 (2016: £405,598)

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Notes to the Financial Statements for the Year Ended 31 August 2017 (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:

Nick Toyne (Principal and Trustee appointed 1 September 2016):

Remuneration	£80,000 - £85,000 (2016: £nil)
Employer's Pension contributions	£10,000 - £15,000 (2016: £nil)

Neil Hodgkins (Principal and Trustee resigned 31 August 2016):

Remuneration	£nil (2016: £80,000 - £85,000)
Employer's Pension contributions	£nil (2016: £10,000 - £15,000)

Andrew Brannigan (Staff Trustee):

Remuneration	£45,000 - £50,000 (2016: £40,000 - £45,000)
Employer's Pension contributions	£5,000 - £10,000 (2016: £5,000 - £10,000)

Rachel Thomas (Staff Trustee):

Remuneration	£25,000 - £30,000 (2016: £20,000 - £25,000)
Employer's Pension contributions	£0 - £5,000 (2016: £0 - £5,000)

Julie Wall (Staff Trustee):

Remuneration	£5,000 - £10,000 (2016: £10,000 - £15,000)
Employer's Pension contributions	£0 - £5,000 (2016: £0 - £5,000)

Claire Redwin (Staff Trustee appointed 1 September 2016 resigned 31 July 2017):

Remuneration	£5,000 - £10,000 (2016: £nil)
Employer's Pension contributions	£0 - £5,000 (2016: £nil)

During the year ended 31 August 2017, travel and subsistence expenses totalling £nil (2016: £nil) were reimbursed to governors.

Other related party transactions involving the trustees are set out in note 26.

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 2017 (continued)

11. Tangible Fixed Assets

	Leasehold Land & Buildings £	Furniture & Equipment £	Computer Equipment £	Total £
Cost				
At 1 September 2016	7,481,244	84,800	122,056	7,688,100
Additions	17,460	9,843	58,887	86,190
Disposals	0	0	0	0
At 31 August 2017	<u>7,498,704</u>	<u>94,643</u>	<u>180,943</u>	<u>7,774,290</u>
Depreciation				
At 1 September 2016	177,236	25,444	85,260	287,940
Charged in year	59,875	9,300	33,756	102,931
Disposals	0	0	0	0
At 31 August 2017	<u>237,111</u>	<u>34,744</u>	<u>119,016</u>	<u>390,871</u>
Net Book Values				
At 31 August 2016	7,304,008	59,356	36,796	7,400,160
At 31 August 2017	<u>7,261,593</u>	<u>59,899</u>	<u>61,927</u>	<u>7,383,419</u>

12. Stock

	2017 £	2016 £
Clothing	4,405	10,736
	<u>4,405</u>	<u>10,736</u>

13. Debtors

	2017 £	2016 £
VAT recoverable	13,800	6,071
Other debtors	0	1,899
Prepayments and accrued income	<u>111,187</u>	<u>101,818</u>
	<u>124,987</u>	<u>109,788</u>

Devonshire Primary Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

14. Creditors: Amounts Falling due within one Year

	2017 £	2016 £
Other taxation and social security	33,722	35,700
Other creditors	31,766	31,624
Accruals and deferred income	91,690	141,124
	<u>157,178</u>	<u>208,448</u>
Deferred income	2017	2016
	£	£
Deferred income at 1 September 2016	32,907	66,951
Released from previous years	(32,907)	(66,951)
Resources deferred in the year	26,130	32,907
Deferred income at 31 August 2017	<u>26,130</u>	<u>32,907</u>

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

15. Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	82,805	1,962,752	(2,016,145)	(29,412)	0
Pupil Premium	0	433,966	(433,966)	0	0
Pension Reserve	(1,215,000)	0	(116,000)	(22,000)	(1,353,000)
Other Grants	410,679	144,461	(100,955)	0	454,185
	<u>(721,516)</u>	<u>2,541,179</u>	<u>(2,667,066)</u>	<u>(51,412)</u>	<u>(898,815)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	36,032	9,267	(19,814)	0	25,485
Capital expenditure from GAG	99,793	0	(15,580)	76,923	161,136
Donations in kind	7,264,335	0	(67,537)	0	7,196,798
	<u>7,400,160</u>	<u>9,267</u>	<u>(102,931)</u>	<u>76,923</u>	<u>7,383,419</u>
Total restricted funds	<u>6,678,644</u>	<u>2,550,446</u>	<u>(2,769,997)</u>	<u>25,511</u>	<u>6,484,604</u>
Unrestricted funds	87,167	156,670	(114,550)	(47,511)	81,776
Total unrestricted funds	<u>87,167</u>	<u>156,670</u>	<u>(114,550)</u>	<u>(47,511)</u>	<u>81,776</u>
Total funds	<u>6,765,811</u>	<u>2,707,116</u>	<u>(2,884,547)</u>	<u>(22,000)</u>	<u>6,566,380</u>

Devonshire Primary Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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 Multi Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017

- 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

16. Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	0	0	7,383,419	7,383,419
Current assets	81,776	611,363	0	693,139
Current liabilities	0	(157,178)	0	(157,178)
Pension scheme liability	0	(1,353,000)	0	(1,353,000)
Total net assets	81,776	(898,815)	7,383,419	6,566,380

17. Capital Commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	58,930	0

During June 2017 the Governors approved the supply and installation of a Natural Play Area for the Reception class, and an Outdoor Play Area for the Year One class. Works will be completed during the half-term holiday in October 2017, at a cost of £45,850 and £13,080 respectively

Devonshire Primary Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

18. Financial Commitments

Operating leases

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

	2017 £	2016 £
Amounts due within one year	13,067	13,067
Amounts due between one and five years	29,558	42,625
	<u>42,625</u>	<u>55,692</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

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

	2017 £	2016 £
Net income/(expenditure for the reporting period (as per statement of reporting activities)	(177,431)	(65,998)
Adjusted for:		
Depreciation (Note 11)	102,931	106,283
Capital grants from DfE and other capital income	(9,267)	(14,642)
Interest receivable (Note 5)	(449)	(837)
Defined benefit pension scheme cost less contributions payable (Note 25)	93,000	23,000
Defined benefit pension scheme finance cost (Note 25)	23,000	27,000
(Increase)/decrease in stocks	6,331	(1,174)
(Increase)/decrease in debtors	(15,199)	(11,027)
Increase/(decrease) in creditors	(51,270)	12,611
Net cash provided by / (used in) operating activities	<u>(28,354)</u>	<u>75,216</u>

Devonshire Primary Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

20. Cash flows from Investing Activities

	2017 £	2016 £
Dividends, interest and rent from investments	449	837
Purchase of tangible fixed assets	(86,190)	(111,806)
Capital grants from DfE / ESFA	9,267	14,642
Net cash provided by / (used in) investing activities	(76,474)	(96,327)

21. Analysis of Cash and Cash Equivalents

	At 31 August 2017 £	At 31 August 2016 £
Cash in hand and at bank	563,747	668,575
Total cash and cash equivalents	563,747	668,575

22. Guarantees, Letters of Comfort and Indemnities

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

23. Contingent Liabilities

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

24. 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.

Devonshire Primary Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

25. 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 2016. Contributions amounting to £34,211 were payable to the schemes at 31 August 2017 (2016: £31,153) 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.

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 is currently underway based April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £262,214 (2016: £274,762)

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.

Devonshire Primary Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

25. Pension and Similar Obligations (continued)

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 2017 was £108,755, of which employer's contributions totalled £77,399 and employees' contributions totalled £31,356 (2016: £92,067, of which employer's contributions totalled £63,178 and employees' contributions totalled £28,889). 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.

Principal Actuarial Assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment / inflation	2.2%	1.9%
Discount rate for scheme liabilities	2.4%	2.1%
Inflation assumption (CPI)	2.2%	1.8%
Commutation of pensions to lump sums		

Sensitivity Analysis

	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	(53,000)	(46,000)
Discount rate -0.1%	53,000	46,000
Mortality assumptions - 1 year increase	43,000	38,000
Mortality assumptions - 1 year decrease	(43,000)	(38,000)
CPI rate +0.1%	55,000	48,000
CPI rate -0.1%	(55,000)	(48,000)

Devonshire Primary Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

25. Pension and Similar Obligations (continued)

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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.6	23.0
Females	25.2	25.6
<i>Retiring in 20 years</i>		
Males	24.9	25.2
Females	27.9	27.9

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	463,000	364,000
Corporate bonds	24,000	24,000
Property	110,000	89,000
Cash and other liquid assets	49,000	33,000
Government Bonds	20,000	0
Other	390,000	432,000
Total market value of assets	1,056,000	942,000
Present value of scheme liabilities		
- Funded	(2,409,000)	(2,157,000)
	<u>(1,353,000)</u>	<u>(1,215,000)</u>

The actual return on scheme assets was £122,000 (2016: £177,000)

Amounts recognised in the statement of financial activities:

	2017 £	2016 £
Current service cost	199,000	115,000
Interest cost	23,000	27,000
Admin expenses	3,000	2,000
Total amount recognised in the SOFA	<u>225,000</u>	<u>144,000</u>

Devonshire Primary Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

25. Pension and Similar Obligations (continued)

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

	2017 £	2016 £
At 1 September	2,157,000	1,376,000
Current service cost	199,000	115,000
Interest cost	44,000	55,000
Employee contributions	32,000	29,000
Actuarial (gain) / loss	21,000	586,000
Benefits paid	(44,000)	(4,000)
At 31 August	2,409,000	2,157,000

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

	2017 £	2016 £
At 1 September	942,000	648,000
Interest income	21,000	28,000
Return on plan assets (excluding net interest on the net defined pension liability)	(1,000)	149,000
Employer contributions	109,000	94,000
Employee contributions	32,000	29,000
Benefits paid	(44,000)	(4,000)
Plan introductions, benefit changes, curtailments and settlements	(3,000)	(2,000)
At 31 August	1,056,000	942,000

26. 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.

27. Events after the end of the Reporting Period

There were no events arising after the balance sheet date.

28. Agency Arrangements

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