

REGISTERED COMPANY NUMBER: 7806338 (England and Wales)

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016
FOR
LICKHILL PRIMARY SCHOOL**

Worton Rock Limited
Chartered Accountants & Statutory Auditor
Churchfield House
36 Vicar Street
Dudley
West Midlands
DY2 8RG

LICKHILL PRIMARY SCHOOL
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FOR THE YEAR ENDED 31 AUGUST 2016

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LICKHILL PRIMARY SCHOOL

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

MEMBERS

TRUSTEES

A Bhardwaj
H R Davies
J Lloyd
B Bevan
C Howen
A Jones
S Peace
V Campbell
C Brewer (appointed 4/10/2016)

SENIOR MANAGEMENT TEAM

H R Davies - Headteacher - Accounting Officer
J Lloyd - Deputy Head
K Lewis - Teacher with TLR

All trustees were members of the Academy Trust during the year.

REGISTERED OFFICE

Almond Way
Stourport on Severn
Worcestershire
DY13 8UA

REGISTERED COMPANY NUMBER

7806338 (England and Wales)

AUDITORS

Worton Rock Limited
Chartered Accountants & Statutory Auditor
Churchfield House
36 Vicar Street
Dudley
West Midlands
DY2 8RG

SOLICITORS

Stone King
16 St John's Lane
London
EC1M 4BS

BANKERS

Lloyds Bank Plc
1 Vicar Street
Kidderminster
DY10 1DH

LICKHILL PRIMARY SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2016

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2016. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal activity of the Charitable Company is the operation of the Lickhill Primary School to provide education for pupils of different abilities up to the age of 11.

The principal objectives of the Academy are:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- To raise the standard of educational achievement of all pupils.
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- To comply with the appropriate statutory and curriculum requirements.
- To make the Academy a valued community resource.
- To close the achievement gap for disadvantaged pupils.
- To ensure pupils are well prepared for the next phase of education academically, socially and emotionally.

Public benefit

In setting our objectives the trustees' have complied with their duty to have due regard to the Charity Commissions guidance on public benefit in exercising their powers or duties.

The primary purpose of the Academy is the advancement of education within the local area.

The Academy runs an extended day, offering a safe place for pupils while parents are working. The Academy operates both pre and post school care and an onsite pre-school. The Academy also runs a holiday club which is available to the local community and is not exclusive to children attending the Academy.

The Academy has given a high priority to providing public benefit to a cross section of the community regardless of family background, but perhaps the greatest benefit the Academy can offer is the provision of an education that maximises each student's potential.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Lickhill Primary School was judged outstanding by Ofsted in February 2013.

For the second year running Year 1 Phonics screening test had 100% success. This is a direct influence of the Read Write Inc program.

At the end of Key Stage 1 attainment was as follows:

90% achieved expected or above age related expectation in Reading.

86% achieved expected or above age related expectation in Maths.

76% achieved expected or above age related expectations in Writing.

At the end of Key Stage 2 attainment was as follows:

70% achieved age related expectation in Reading.

60% achieved age related expectation in Maths.

37% achieved age related expectation in Writing.

LICKHILL PRIMARY SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2016

ACHIEVEMENT AND PERFORMANCE

Key financial performance indicators

The trustees review regular assessments of the performance of the Academy. The trustees review exam results as a key performance of the Academy's continuing success, but they also review the improvements of each year group and individuals to ensure that there is continuing improvement at all levels. Student numbers have increased from 187 in 2015 to 194 in 2016. Attendance has improved from 96.1% in 2015 to 96.5% in 2016. This is above the national average.

FINANCIAL REVIEW

Financial Review

In the last 12 months the school has continued to pay the deficit inherited from the maintained school by the current governing body and leadership team and has now paid the deficit in full.

Improvements have been made to the school building this year by an extension to two classrooms, replacing windows and doors. Receipts of capital grants have enabled the school to replace the boiler and therefore reduce future energy costs and costly maintenance. New perimeter fencing has been built to increase the security and safety of the school site.

The school actively searches and applies for grants other than government grants. A grant was awarded to develop the outside learning area of the school. The school has invested money in developing outside learning facilities including wildlife and pond area and meadow. Beekeeping has also been established to study life cycles. Forest School has also been extended and developed. All of these areas support the new learning objectives for the Science curriculum.

Pupil numbers continue to increase resulting in increased Grant income. Increased staffing costs reflect the improved pupil numbers. The Governors are committed to reinvesting back into the School, its facilities and resources. The School operates Pre School and Stay and Play wrap around care, the surpluses of which are reinvested back into School.

During the year the management team carried out a number of training and support activities with other schools which generated an income stream to reinvest back into educational activities. The Headteacher has supported schools at a leadership level. The senior leadership team and business manager have also supported other schools all of which has generated additional income to be reinvested back in to School. The School will continue to support training activities and other schools through 2017.

The Pre School and wrap around care facility has increased children attending, resulting in additional income to be reinvested into School. An increase in children in Pre School has had a positive effect on children joining the school at Reception age. The wrap around care offers a holiday club to children in the local community and is not exclusive to children attending the school.

During the year ended 31 August 2016, the deficit of income over expenditure for the year (before recognised gains and losses and excluding capital restricted funds) equated to £28,799 (2015 surplus - £26,782).

The Academy's subsidiary company, Lickhill Consultancy, has successfully offered training to implement the Thrive approach to schools across Worcestershire throughout the financial year. This has resulted in the company making a donation of £14,000 (2015 - £26,500) to the Academy.

LICKHILL PRIMARY SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL REVIEW

Reserves policy

The policy of the governors is to maintain a level of reserves that will be adequate to provide a stable basis for the continuing operation of the Academy whilst ensuring that excessive funds are not accumulated.

Excluding the pension scheme liability and capital funds, the Academy funds surplus at 31 August 2016 was £66,746 (2015 - £95,925). During the year the academy has made payments of £10,200 which has cleared the brought forward deficit from the LA funded school.

The Academy also has a pension scheme deficit in respect of the Local Government Pension Scheme of £423,000 (2015 - £171,000). The liability is included in restricted reserves and the Academy will have to meet any long term liability out of restricted reserves. In order to repay the deficit, future employer contributions will be 11.2% (2015 11.2%). This deficit is considered a long term deficit and not an immediate liability.

The governors are satisfied that the Academy's progress has continued and are optimistic that they can increase the school reserves and eliminate deficits for the future.

Investment Policy

The Academy's policy is to invest surplus funds in low risk short term bank deposits.

Plans for the Future Periods

The Governors continue to promote the Academy within the local community; examples being, school fayres, choral visits to local old people's homes, donations to local charities, shows and plays at the Civic Centre and performances at Worcester Cathedral.

The Governors continue to apply for Capital funding to further improve and extend the school buildings, which will improve the suitability and condition of the school.

The school continues to apply for other grants to improve the school facilities and learning resources and environment.

Senior members of staff have undertaken training to enable them to facilitate training outside of the Academy and generate additional income.

Principal risks and uncertainties

The Academy has inherited a number of building related issues on the transfer of the School buildings. The Governors are continuing to apply for funding to improve the overall facilities within the Academy.

Going concern

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

The governors act as trustees for the charitable activities of Lickhill Primary School Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Lickhill Primary School.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administration Details on page 1.

LICKHILL PRIMARY SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Members' liability

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

Trustees' Indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2016 is incorporated within the total insurance premium.

Principal activities

The Academy's principal activity is the provision of primary education, nursery and pre and post school care.

Recruitment and appointment of new trustees

Trustees are recruited from the employees of the Academy, parents (by election) and community governors.

Organisational structure

The management structure of the Academy consists of the trustees and the Leadership Team.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by use of budgets and making major decisions about the strategic direction of the Academy, capital expenditure and the most senior staff appointments.

The Leadership Team is led by the Headteacher, Helen Davies. These senior leaders manage the Academy at an executive level, implementing the policies agreed by the trustees and reporting back to them on progress. The Headteacher and other key senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

Arrangements for setting pay and remuneration of key management personnel

The salaries of the Headteacher, Deputy Headteacher(s) and any Assistant Headteacher are reviewed annually as required by the School Teachers' Pay and Conditions Document.

The Headteacher's Pay Range, which the Governing Body is required to set for Headteacher's by the School Teachers' Pay and Conditions Document reflects the responsibilities of the job in addition to the size of the school, any other factors specified and advice issued by the Local Authority on the salaries of Headteachers at comparable size schools.

The Governing Body will determine the pay ranges of the Deputy Headteacher and Assistant Headteacher in relation to the duties and responsibilities of those teachers.

Policies and Procedures Adopted for the induction and training of trustees

The Academy carries out appropriate training for new trustees. All governors have received in house training on assessment without levels and Raise On-line and safeguarding.

Related parties

The academy also has a subsidiary company, Lickhill Consultancy Limited whose principal activity is to provide training to schools and academies.

Please refer to note 23 with respect to related party transactions.

Lickhill Primary School is a strategic partner in the Stourport Teaching School Alliance. Members of staff also write and deliver leadership training on behalf of Edge Hill University.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The majority of the income of the Academy is GAG funding from the EFA to provide education. The Academy receives income from its Nursery and wrap around care facilities. The Academy helps to support other like-minded organisations through the secondment of staff and consultation and training activities.

LICKHILL PRIMARY SCHOOL

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016**

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The academy inherited a deficit budget from the previous governing body who were replaced by an Interim Executive Board in June 2009. This deficit has now been repaid in full.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Worton Rock Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 16 December 2016 and signed on its behalf by:

A Bhardwaj - Trustee

LICKHILL PRIMARY SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Trustees Responsibility Statement. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
A Bhardwaj	5	5
H R Davies	5	5
J Lloyd	5	5
B Bevan	3	5
C Howen	5	5
A Jones	4	5
S Peace	1	5
V Campbell	2	5

The main board of trustees is sub dividend into specific committees:

- Finance and General Purposes Committee - to oversee all financial aspects of the Academy
- Curriculum Committee - to oversee the curriculum and educational standards and policies
- People Committee - to monitor staff and relationships with parents and the community

It was agreed that the Curriculum committee and People committee would meet within the full Governing Body meetings.

The Finance Committee meets at least half termly to review the financial reports of the Academy.

The non-confidential minutes are published on the Academy's website detailing the topics discussed and the attendees at such meetings.

Attendance at the Finance and General Purposes Committee was as follows:

Trustee	Meetings attended	Out of a possible
A Bhardwaj	7	8
H R Davies	7	8
J Lloyd	8	8
B Bevan	3	8
C Howen	7	8

Governance reviews

The Governing Body has carried out a self assessment to find out the training needs of governors and an analysis of effectiveness. As a result of the first self assessment, links and reading materials were accessed and tutorials were given by the staff, and the Governing Body joined the NGA.

Review of Value for Money

LICKHILL PRIMARY SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Review of Value for Money

As accounting officer the head has responsibility for ensuring that the academy trust delivers good value for money in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

Educational Results

In February 2013 Lickhill Primary School was inspected and judged to be outstanding in every category.

For the second year running Year 1 Phonics screening results were 100% successful. At the end of Key Stage 1, most children achieved age related expectation in Reading and Maths and were slightly lower in writing. At Key Stage 2, Reading was above expectation and Maths slightly lower.

Across the school pupils are making good progress because teaching is consistently outstanding. This has been achieved through careful investment in staff training and development. The focus of staff training and resources has been largely targeted at raising standards in Maths across the school and implementing the new curriculum.

This year we have maintained higher levels of support staff in order that we can continue to provide challenging learning opportunities for identified groups of pupils, including vulnerable children, SEND, GRT and more able pupils. Many of our pupils benefit from small group or individual intervention programmes with targeted outcomes. These are closely monitored at phase reviews and pupil progress meetings. Pupil Premium children in Key Stage 1 managed to close the attainment gap towards age related expectation in all areas, Maths, English and Reading. At Key Stage 2, the gap remains the same, however huge progress has been made with more complex, extensive objectives and mind set work on emotional development.

We have increasing numbers of vulnerable children attending the school across key stages. The trust has continued to invest in training for staff that enables the school to run our Thrive program. This program works to support all pupils in making good emotional and social development. It also works specifically with any pupils exhibiting challenging behaviours so that we can develop their stress management systems and social skills, and are therefore in state of readiness for learning. Our assessments show that pupils on this program are demonstrating dramatically increased levels of social and emotional development and engagement with learning. The Headteacher is an accredited lead trainer for Thrive. The impact of this work and the very positive response of parents was reported in our last Ofsted inspection and continues to have a beneficial impact on family life.

The school works collaboratively with many organisations to share good practice. The Headteacher is a Local Leader in Education and a professional partner for new headteachers. She is also on the Headteachers' Reference Group for Ofsted. In these capacities, several schools have received support. In addition, the deputy head has supported various local schools with SEND and Art support. The head, deputy and assistant head are all facilitators for Edge University's NPQ programs. The school remains a strategic partner in the Stourport High School teaching school and takes a leading role in the development of maths, phonics, art and emotional development in the school based initial teacher training.

Financial Governance and Oversight

The school holds half termly meetings of its finance committee who report back to the whole governing body. In these meetings, financial decisions are discussed and monthly management accounts reviewed. Minutes of the meetings demonstrate that the governors hold the school to account over financial decisions and challenge spending decisions, where appropriate. Rigorous systems are in place to ensure strong financial controls and security.

Better purchasing

The trust continues to review Service Level Agreements with Worcestershire Local Authority and other independent providers, renegotiating or changing provider when beneficial. This ensures the services provided are fit for purpose and cost effective as well as providing value for money.

Better Income Generation

Additional income is gained through the management of Pre School and wrap around care provision. Demand for these services continues to grow and income has increased accordingly. This provision is beneficial to the wider community as well as families within the school.

LICKHILL PRIMARY SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Review of Value for Money

Further income is generated through providing School to School support and outreach training. This has developed professional practice in other schools leading to improved outcomes for children beyond our community. Additional income generated is reinvested in the school and enables the purchase of resources and equipment for the benefit of the children.

Reviewing Controls and Managing Risks

The Academy has established robust segregation of duties within financial control. The Academy carries out regular financial monitoring with School Business Support and reports to the Finance Committee on a regular basis. The Academy reviews the monthly accounts with the support of Worton Rock. Governors challenge decision makers within the trust on the cost and effectiveness of spending proposals in order to achieve value for money.

Lessons Learned

The trust is actively seeking to work more collaboratively with other schools for procurement of supplies and services, in order to achieve greater economies of scale.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lickhill Primary School for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

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

- not to appoint an internal auditor. However the trustees have appointed SBS School Business Services to carry out a programme of internal checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of income systems
- testing of control accounts and bank reconciliations
- review of EFA information

LICKHILL PRIMARY SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

The Risk and Control Framework

On a termly basis the reports of SBS School Business Services are reported to the the board of trustees through the finance and general purposes committee meetings on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The reviewer has delivered to the board of trustee's their schedule of work as planned. The checks identified the following material control issues:

Autumn 2015 Term

- The Head should sign the bank account reconciliations.
- As many staff have a number of contracts with school, regular use of Salary Monitor within SBS Online will provide assurance staff are being paid at expected levels. The output can then be counter- signed by the Head.
- The Trust board should ensure it formally minutes the approval of future budget forecast.

Spring 2016 Term

- A weakness was identified in the authorisation of changes to staff terms and conditions. All changes should be documented in writing and authorised by the Head or an approved deputy in accordance with the schools scheme of delegation.

Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 16 December 2016 and signed on its behalf by:

A Bhardwaj - Trustee

Helen Davies - Accounting Officer

LICKHILL PRIMARY SCHOOL

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016**

As accounting officer of Lickhill Primary School I have considered my responsibility to notify the charitable company board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2015.

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

Helen Davies - Accounting Officer

16 December 2016

LICKHILL PRIMARY SCHOOL

TRUSTEES RESPONSIBILITY STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who act as governors of Lickhill Primary School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

Approved by order of the board of trustees on 16 December 2016 and signed on it's behalf by:

A Bhardwaj - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LICKHILL PRIMARY SCHOOL

We have audited the financial statements of Lickhill Primary School for the year ended 31 August 2016 on pages seventeen to forty. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees Responsibility Statement set out on page twelve, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LICKHILL PRIMARY SCHOOL**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

David Burrows (Senior Statutory Auditor)
for and on behalf of Worton Rock Limited
Chartered Accountants & Statutory Auditor
Churchfield House
36 Vicar Street
Dudley
West Midlands
DY2 8RG

16 December 2016

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

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

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

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

The accounting officer is responsible, under the requirements of Lickhill Primary School's funding agreement with the Secretary of State for Education dated 1 February 2012 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- Performed an evaluation of General (regularity of activities) including review of the outcome of the 2015 regularity assurance work.
- Confirmed appropriate authority has been obtained with regard to delegated authorities.
- Ensured that transactions with connected parties are in accordance with the academy trust's internal processes and the Academies Financial Handbook.
- Reviewed minutes of the committees, and management accounts for indications of irregular transactions.
- Confirmed the board of trustees and accounting officer have given formal representations of their responsibilities.
- Considered whether the general control environment has regard to the regularity of transactions.
- Ensured through enquiry and sample testing expenditure does not contravene the funding agreement.
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards.
- Considered through enquiry and sample testing that the procurement lines of delegation and limits set both internally and by the EFA have been adhered to.
- Reviewed expenditure against specific terms of grant funding within the funding agreement.
- Considered whether other income activities are permitted within the Academy Trust's charitable objects.

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

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Worton Rock Limited
Churchfield House
36 Vicar Street
Dudley
West Midlands
DY2 8RG

16 December 2016

LICKHILL PRIMARY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2016

				2016	2015	
	Notes	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Funds £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	14,000	2,771	196,579	213,350	162,687
Charitable activities						
Funding for the academy's educational operations	3	-	846,544	-	846,544	818,002
Other trading activities	4	202,787	71,848	529	275,164	215,098
Investment income	5	122	32	77	231	273
Total		<u>216,909</u>	<u>921,195</u>	<u>197,185</u>	<u>1,335,289</u>	<u>1,196,060</u>
EXPENDITURE ON						
Raising funds		189,293	-	-	189,293	156,272
Charitable activities						
Academy's educational operations		5,950	971,660	102,199	1,079,809	1,034,655
Total	6	<u>195,243</u>	<u>971,660</u>	<u>102,199</u>	<u>1,269,102</u>	<u>1,190,927</u>
NET INCOME/(EXPENDITURE)						
		21,666	(50,465)	94,986	66,187	5,133
Transfers between funds	20	<u>(51,000)</u>	<u>24,621</u>	<u>26,379</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	(226,000)	-	(226,000)	(6,000)
Net movement in funds		<u>(29,334)</u>	<u>(251,844)</u>	<u>121,365</u>	<u>(159,813)</u>	<u>(867)</u>
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>95,874</u>	<u>(170,949)</u>	<u>1,619,945</u>	<u>1,544,870</u>	<u>1,545,737</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>66,540</u></u>	<u><u>(422,793)</u></u>	<u><u>1,741,310</u></u>	<u><u>1,385,057</u></u>	<u><u>1,544,870</u></u>

The notes form part of these financial statements

LICKHILL PRIMARY SCHOOL

**STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2016**

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	12	1,686,803	1,611,563
Investments	13	1	1
		1,686,804	1,611,564
 CURRENT ASSETS			
Stocks	14	2,891	4,000
Debtors	15	116,581	78,257
Cash at bank and in hand		245,023	192,362
		364,495	274,619
 CREDITORS			
Amounts falling due within one year	16	(243,242)	(170,313)
NET CURRENT ASSETS		121,253	104,306
 TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,808,057	1,715,870
PENSION LIABILITY	21	(423,000)	(171,000)
NET ASSETS		1,385,057	1,544,870
 FUNDS			
Unrestricted funds	20	66,539	95,874
Restricted funds:			
Restricted general funds		207	51
Restricted fixed asset funds		1,741,311	1,619,945
Pension reserve		(423,000)	(171,000)
		1,318,518	1,448,996
TOTAL FUNDS		1,385,057	1,544,870

The financial statements were approved by the Board of Trustees on 16 December 2016 and were signed on its behalf by:

A Bhardwaj -Trustee

The notes form part of these financial statements

LICKHILL PRIMARY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Cash generated from operations	1	30,430	(40,871)
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		30,430	(40,871)
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(174,574)	(93,160)
Capital grants from DfE/EFA		184,574	132,307
Capital funding from others		12,000	-
Interest received		231	273
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		22,231	39,420
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		52,661	(1,451)
Cash and cash equivalents at the beginning of the reporting period		192,362	193,813
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		245,023	192,362
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

LICKHILL PRIMARY SCHOOL

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	66,187	5,133
Adjustments for:		
Depreciation	99,334	86,653
Capital grants from DfE/EFA and others	(196,574)	(132,307)
Interest received	(231)	(273)
Pension scheme cost less contributions	19,000	16,000
Pension scheme finance costs	7,000	5,000
Decrease/(increase) in stocks	1,109	(200)
Increase in debtors	(38,324)	(15,742)
Increase/(decrease) in creditors	72,929	(5,135)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	30,430	(40,871)
	<hr/> <hr/>	<hr/> <hr/>

LICKHILL PRIMARY SCHOOL

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

1. ACCOUNTING POLICIES

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, 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.

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

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 trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

The trustees believe that it is appropriate to prepare the financial statements on a going concern basis because of the following factors:

- £423,000 (2015 £171,000) of the Academy's liabilities relate to the long term liability in respect of the Lickhill Primary School Academy Pension Scheme which should not need to be repaid fully in the short to medium term. The liability is included in restricted reserves and the Academy will have to meet any long term liability out of restricted reserves. In order to repay the deficit employer contributions will be 11.2% (2015 - 11.20%). In addition, in order to protect the fund, phased lump sum deficit contributions have been scheduled over the next five years at an average of £5,000 per annum. It is anticipated that the recovery period is twenty years.

- the Academy has net current assets of £121,253 (2015 - £104,306) equivalent to its working capital, which enables the payment of debts as they fall due; and

- the Department for Education has committed to funding the Academy in 2016/17.

Preparation of consolidated financial statements

The financial statements contain information about Lickhill Primary School as an individual charity and do not contain consolidated financial information as the parent of a group. The charity has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Income

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

LICKHILL PRIMARY SCHOOL

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

1. ACCOUNTING POLICIES - continued

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where 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 it can be measured reliably.

LICKHILL PRIMARY SCHOOL

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

1. ACCOUNTING POLICIES - continued

Other income

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

Donated foods, facilities and services

Donated facilities and services provided to the Academy are recognised at their value to the Academy in the period when it is probable that the economic benefits associated with the donated items will flow to the Academy provided they can be measured reliably. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

Donated goods are recognised at fair value unless it is impractical to measure this reliably in which case a derived value, being the cost of the item to the donor (for example sponsor services), is used. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities except where the donated good is a fixed asset in which case 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's accounting policies.

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 life in accordance with the Academy's accounting policies.

The conversion from a state maintained school to an Academy 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 method of accounting.

The assets and liabilities transferred on conversion from a state maintained school to an academy have been valued at fair value, at the date of conversion, being a reasonable estimate of current market value that the Governors 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 Lickhill Primary School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income (net income/net expenditure) in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The Academy's land and buildings were included within the accounts on conversion on the basis of the valuation commissioned by the EFA. The house on academy property was also included on the conversion at open market value based on a professional valuation. The Academy has continued to hold land at buildings in the accounts at this value less any applicable depreciation.

LICKHILL PRIMARY SCHOOL

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

1. ACCOUNTING POLICIES - continued

Expenditure

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

Expenditure on raising funds

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

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

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.

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/reducing balance basis over its expected useful lives, as follows:

Freehold buildings	5 years/25 years
Fixtures and fittings	5 years
Computer equipment	5 years

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.

Stocks

Stock represents unused classroom resources and are valued at the lower of cost and net realisable value.

LICKHILL PRIMARY SCHOOL

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

1. ACCOUNTING POLICIES - continued

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the 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 EFA/Department for Education.

Pension costs and other post-retirement benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

LICKHILL PRIMARY SCHOOL

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

1. ACCOUNTING POLICIES - continued

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 the interest payable and similar charges.

Leased Assets

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

Investments

The Academy's shareholding in the wholly owned subsidiary, Lickhill Consultancy Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation, in the opinion of the trustees, exceeds the benefit derived.

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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

LICKHILL PRIMARY SCHOOL

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Capital grants	-	196,579	196,579	132,307
Donations	14,000	2,771	16,771	30,380
	<u>14,000</u>	<u>199,350</u>	<u>213,350</u>	<u>162,687</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	743,615	743,615	700,799
Other DfE/EFA grants	-	83,098	83,098	99,566
	<u>-</u>	<u>826,713</u>	<u>826,713</u>	<u>800,365</u>
Other government grant				
Local authority grants	-	19,831	19,831	17,637
	<u>-</u>	<u>846,544</u>	<u>846,544</u>	<u>818,002</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	-	25,045	25,045	42,767
Income from wrap around care	126,194	-	126,194	124,253
Miscellaneous income	76,593	47,332	123,925	48,078
	<u>202,787</u>	<u>72,377</u>	<u>275,164</u>	<u>215,098</u>

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	122	109	231	273
	<u>122</u>	<u>109</u>	<u>231</u>	<u>273</u>

LICKHILL PRIMARY SCHOOL

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

6. EXPENDITURE

	Staff costs £	Non - pay Premises £	expenditure Other costs £	2016 Total £	2015 Total £
Expenditure on raising funds					
Costs of activities for raising funds	98,677	250	90,366	189,293	156,272
Charitable activities					
Academy's educational operations					
Direct costs	676,058	75,883	79,288	831,229	740,088
Allocated support costs	84,176	54,157	110,247	248,580	294,567
	<u>858,911</u>	<u>130,290</u>	<u>279,901</u>	<u>1,269,102</u>	<u>1,190,927</u>

Net resources are stated after charging/(crediting):

	2016 £	2015 £
Auditors' remuneration	8,220	8,100
Auditors' remuneration for non - audit work	2,100	6,400
Depreciation - owned assets	99,334	86,653
Operating leases - other leases	3,759	3,762
	<u>113,413</u>	<u>104,915</u>

Included within resources expended are the following transactions

	£
Unrecoverable debts	<u>1,141</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	2016 £	2015 £
Direct costs		
-Educational operations	831,229	740,088
Support costs		
-Educational operations	248,580	294,567
	<u>1,079,809</u>	<u>1,034,655</u>
Analysis of support costs		
Staff support costs	84,176	75,876
Depreciation	12,419	8,485
Recruitment and support	12,113	5,524
Maintenance of premises and equipment	20,206	78,640
Cleaning	18,833	17,653
Rent and rates	2,044	2,180
Insurance	4,750	14,188

LICKHILL PRIMARY SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

Catering	30,132	30,288
Other support costs	41,113	33,389
Governance costs	22,794	28,344
Total support costs	248,580	294,567

8. TRUSTEES' REMUNERATION AND BENEFITS

	2016	2015
	£	£
Trustees' salaries	169,896	163,919
Trustees' pension contributions to defined benefit schemes	27,999	23,268
	197,895	187,187

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

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

H Davies (head and trustee):

Remuneration £80,000 - £85,000 (2015: £75,000 - £80,000) Employer's pension contributions £10,000 - £15,000 (2015: £10,000 - £15,000)

J Lloyd (Deputy head and staff trustee)

Remuneration £45,000 - £50,000 (2015: £45,000 - £50,000) Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

A Jones (staff trustee)

Remuneration £35,000 - £40,000 (2015: £35,000 - £40,000) Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

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

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2016 nor for the year ended 31 August 2015 .

LICKHILL PRIMARY SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

9. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	682,170	621,559
Social security costs	44,133	34,970
Other pension costs	116,739	93,636
	843,042	750,165
Supply teacher costs	15,870	37,311
	858,912	787,476

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	2016	2015
Teachers	10	8
Administration and support	28	26
Management	1	1
	39	35

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

	2016	2015
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for this member of staff amounted to £13,825 (2015 - £11,262).

Key management personnel

The key management personnel of the Academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £242,854 (2015 £227,089). From January 2016 A Jones was seconded to another school. As a result Lickhill have recharged salary costs of £30,210.

10. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2016 is incorporated within the total insurance premium.

LICKHILL PRIMARY SCHOOL

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

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	27,550	2,830	132,307	162,687
Charitable activities				
Funding for the academy's educational operations	-	818,002	-	818,002
Other trading activities	162,633	52,465	-	215,098
Investment income	195	10	68	273
Total	190,378	873,307	132,375	1,196,060
EXPENDITURE ON				
Raising funds	156,272	-	-	156,272
Charitable activities				
Academy's educational operations	-	880,631	154,024	1,034,655
Total	156,272	880,631	154,024	1,190,927
NET INCOME/(EXPENDITURE)	34,106	(7,324)	(21,649)	5,133
Transfers between funds	(19,657)	-	19,657	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	(6,000)	-	(6,000)
Net movement in funds	14,449	(13,324)	(1,992)	(867)
RECONCILIATION OF FUNDS				
Total funds brought forward	81,425	(157,625)	1,621,937	1,545,737
TOTAL FUNDS CARRIED FORWARD	95,874	(170,949)	1,619,945	1,544,870

LICKHILL PRIMARY SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 September 2015	1,730,404	77,625	31,431	1,839,460
Additions	148,237	4,468	21,869	174,574
	<u>1,878,641</u>	<u>82,093</u>	<u>53,300</u>	<u>2,014,034</u>
DEPRECIATION				
At 1 September 2015	189,231	26,933	11,733	227,897
Charge for year	77,571	11,032	10,731	99,334
	<u>266,802</u>	<u>37,965</u>	<u>22,464</u>	<u>327,231</u>
NET BOOK VALUE				
At 31 August 2016	<u>1,611,839</u>	<u>44,128</u>	<u>30,836</u>	<u>1,686,803</u>
At 31 August 2015	<u>1,541,173</u>	<u>50,692</u>	<u>19,698</u>	<u>1,611,563</u>

13. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
MARKET VALUE	
At 1 September 2015 and 31 August 2016	<u>1</u>
NET BOOK VALUE	
At 31 August 2016	<u>1</u>
At 31 August 2015	<u>1</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

Lickhill Consultancy Limited

Nature of business: Training providers

	%
Class of share:	holding
Ordinary	100

	2016 £	2015 £
Aggregate capital and reserves	<u>1</u>	<u>1</u>

The amount owed to Lickhill Consultancy Limited as at 31 August 2016 was £3,861 (2015 £5,877) repayable in one year and on demand.

LICKHILL PRIMARY SCHOOL

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

13. **FIXED ASSET INVESTMENTS - continued**

The accounts present information of the academy trust as an individual undertaking and not as a group.

14. **STOCKS**

	2016	2015
	£	£
Stocks	2,891	4,000
	<u>2,891</u>	<u>4,000</u>

15. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Trade debtors	41,583	20,572
Amounts owed by group undertakings	10	7,750
Other debtors	29,708	23,572
Prepayments	45,280	26,363
	<u>116,581</u>	<u>78,257</u>

16. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Trade creditors	96,075	33,346
Amounts owed to group undertakings	3,871	1,873
Social security and other taxes	14,213	10,593
Other creditors	16,019	23,484
Accruals and deferred income	113,064	101,017
	<u>243,242</u>	<u>170,313</u>

17. **OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid:

	Other operating leases	
	2016	2015
	£	£
Expiring:		
Within one year	644	-
Between one and five years	5,558	9,967
	<u>6,202</u>	<u>9,967</u>

18. **MEMBERS' LIABILITY**

Each member of the Academy Trust 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.

LICKHILL PRIMARY SCHOOL

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

			Restricted	2016	2015
	Unrestricted	Restricted	Fixed Asset	Total	Total
	fund	funds	Funds	funds	funds
	£	£	£	£	£
Fixed assets	-	-	1,686,803	1,686,803	1,611,563
Investments	-	1	-	1	1
Current assets	77,303	85,595	201,597	364,495	274,619
Current liabilities	(10,764)	(85,389)	(147,089)	(243,242)	(170,313)
Pension liability	-	(423,000)	-	(423,000)	(171,000)
	<u>66,539</u>	<u>(422,793)</u>	<u>1,741,311</u>	<u>1,385,057</u>	<u>1,544,870</u>

20. MOVEMENT IN FUNDS

	At 1/9/15	Net movement	Transfers	At 31/8/16
	£	in funds	between funds	£
	£	£	£	£
Unrestricted funds				
Unrestricted funds	95,874	21,665	(51,000)	66,539
Restricted funds				
Restricted general funds	51	(24,465)	24,621	207
Restricted fixed asset funds	1,619,945	94,987	26,379	1,741,311
Pension reserve	(171,000)	(252,000)	-	(423,000)
	<u>1,448,996</u>	<u>(181,478)</u>	<u>51,000</u>	<u>1,318,518</u>
TOTAL FUNDS	<u>1,544,870</u>	<u>(159,813)</u>	<u>-</u>	<u>1,385,057</u>

Net movement in funds, included in the above are as follows:

	Incoming	Resources	Gains and	Movement in
	resources	expended	losses	funds
	£	£	£	£
Unrestricted funds				
Unrestricted funds	216,909	(195,244)	-	21,665
Restricted funds				
Restricted general funds	921,195	(945,660)	-	(24,465)
Restricted fixed asset funds	197,185	(102,198)	-	94,987
Pension reserve	-	(26,000)	(226,000)	(252,000)
	<u>1,118,380</u>	<u>(1,073,858)</u>	<u>(226,000)</u>	<u>(181,478)</u>
TOTAL FUNDS	<u>1,335,289</u>	<u>(1,269,102)</u>	<u>(226,000)</u>	<u>(159,813)</u>

LICKHILL PRIMARY SCHOOL

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

20. MOVEMENT IN FUNDS - continued

Restricted funds

Restricted general fund

This fund is GAG related and is restricted to the purpose for which it is received.

Pension reserve

The pension reserve forms part of the restricted general fund and relates to the Academy Trust's share of the deficit of the Worcestershire County Council Local Government Pension Fund.

Fixed asset fund

These grants relate to funding received from the EFA to carry out works of a capital nature.

21. PENSION AND SIMILAR OBLIGATIONS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £16,018 were payable to the schemes at 31 August 2016 (2015: £13,283) 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 Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

21. 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 the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £63,588 (2015: £58,930).

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

Under the definitions set out in FRS 102, the TPS is 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 year ended 31 August 2016 was £52,493 (2015: £47,248), of which employer's contributions totalled £36,312 (2015: £32,731) and employees' contributions totalled £16,181 (2015: £14,517). The agreed contribution rates for future years are 11.2% per cent for employers and between 5.5% and 12.5% per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

In addition in order to protect the fund, phased lump sum deficit contributions have been scheduled over the next five years at an average of £5,000 per annum. It is anticipated that the recovery period is twenty years.

LICKHILL PRIMARY SCHOOL

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

21. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Present value of funded obligations	(649,000)	(312,000)
Fair value of plan assets	226,000	141,000
	<u>(423,000)</u>	<u>(171,000)</u>
Deficit	<u>(423,000)</u>	<u>(171,000)</u>
Liability	<u><u>(423,000)</u></u>	<u><u>(171,000)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Current service cost	55,000	49,000
Net interest from net defined benefit asset/liability	6,000	4,000
Administration expenses	1,000	1,000
	<u>62,000</u>	<u>54,000</u>
Actual return on plan assets	<u>33,000</u>	<u>-</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Defined benefit obligation	(312,000)	(239,000)
Current service cost	(55,000)	(49,000)
Contributions by scheme participants	(16,000)	(15,000)
Interest cost	(13,000)	(9,000)
Actuarial losses/(gains)	(253,000)	-
	<u>(649,000)</u>	<u>(312,000)</u>

LICKHILL PRIMARY SCHOOL

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

21. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Fair value of scheme assets	141,000	95,000
Contributions by employer	36,000	33,000
Contributions by scheme participants	16,000	15,000
Interest on plan assets	7,000	5,000
Actuarial gains/(losses)	27,000	(6,000)
Assets administration costs	(1,000)	(1,000)
	<u>226,000</u>	<u>141,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Actuarial gains/(losses) assets	27,000	(6,000)
Actuarial gains/(losses) obligations	(253,000)	-
	<u>(226,000)</u>	<u>(6,000)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Equities	189,000	126,000
Other Bonds	14,000	9,000
Property	10,000	-
Cash	5,000	1,000
Other	8,000	5,000
	<u>226,000</u>	<u>141,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2016	2015
Increase in salaries	3.4%	3.7%
Inflation assumption (CPI)	1.9%	2.2%
Discount rate	2.2%	4%
Rate of increase for pensions	2%	2.2%

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:

	2016	2015
Retiring today		
Males	23.5	23.4

LICKHILL PRIMARY SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

**21. PENSION AND SIMILAR OBLIGATIONS
- continued**

Females	25.9	25.8
Retiring in 20 years		
Males	25.8	25.6
Females	28.2	28.1

Amounts for the current and previous period are as follows:

	2016	2015
	£	£
Defined benefit pension plans		
Defined benefit obligation	(649,000)	(312,000)
Fair value of scheme assets	226,000	141,000
Deficit	(423,000)	(171,000)

22. RELATED PARTY DISCLOSURES

During the year the Academy paid a salary of £3,825 (2015 - £2,435) to Z Bevan, wife of trustee B Bevan, in respect of her employment in the school office. During the year Z Bevan charged the Academy £1,800 (2015 - £1,800) for website management. At 31st August 2016 the amount due to Z Bevan by the Academy was £1,500 (2015- £1,500).

During the year the Academy charged consultancy and administration costs of £111 (2015 - £3,703) to Lickhill Consultancy Limited, a wholly owned subsidiary company. The Academy was charged training costs of £3,508 (2015 - £9,153) by Lickhill Consultancy Limited. During the year the subsidiary made a donation to the Academy of £14,000 (2015 - £26,500). As at 31 August 2016 the net amount due to Lickhill Consultancy Limited by the Academy was £3,861 (2015 - £5,877).

All transactions above were conducted in accordance with the Academy trust's financial regulations and normal procurement procedures.

23. FIRST YEAR ADOPTION

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'.

	Notes	2015
Net income previously reported under UK GAAP		8,133
Change in recognition of LGPS interest cost	A	(3,000)
Net movement reported under FRS102		5,133

A - Change in recognition of LGPS interest cost

LICKHILL PRIMARY SCHOOL

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

23. FIRST YEAR ADOPTION - continued

Under previous UK GAAP the academy recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined 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 increase the debit to expense by £3,000 and reduce the debit in other recognised gains and losses in the SOFA by an equivalent amount.

B - Changes in Income and Expenditure headings

The activity basis of accounting, under which the academy classify their income and expenditure by activity, has been retained but several headings have been changed. Voluntary income as a result of FRS102 is renamed income from donations and now includes capital grants.

The effect of the change has been to increase the credit to income from donations and capital grants by £132,307 and reduce the credit classified as income from charitable activities by an equivalent amount.

C- Governance costs

Governance costs are no longer separately disclosed on the face of the SOFA but are included within charitable activities as support costs.

The effect of the change has been to increase the debit to expenditure classified as charitable activities by £25,344 and reduce the debit previously classified as governance costs by an equivalent amount.

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:

Transitional relief

On transition to FRS 102, the charity has taken advantage of the following transitional relief:

- to use a previous GAAP revaluation as deemed cost on:
 - an item of property, plant and equipment.

LICKHILL PRIMARY SCHOOL

**RECONCILIATION OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 AUGUST 2015**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants		30,380	132,307	162,687
Charitable activities		950,309	(132,307)	818,002
Other trading activities		215,098	-	215,098
Investment income		273	-	273
Total		1,196,060	-	1,196,060
EXPENDITURE ON				
Raising funds		156,272	-	156,272
Charitable activities		1,006,311	28,344	1,034,655
OBSOLETE Governance costs		25,344	(25,344)	-
Total		1,187,927	3,000	1,190,927
NET INCOME/(EXPENDITURE)		8,133	(3,000)	5,133

LICKHILL PRIMARY SCHOOL
RECONCILIATION OF FUNDS
AT 1 SEPTEMBER 2014
(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		1,605,056	-	1,605,056
Investments		1	-	1
		<u>1,605,057</u>	<u>-</u>	<u>1,605,057</u>
CURRENT ASSETS				
Stocks		3,800	-	3,800
Debtors		41,770	-	41,770
Prepayments and accrued income		18,872	-	18,872
Cash at bank and in hand		193,813	-	193,813
		<u>258,255</u>	<u>-</u>	<u>258,255</u>
CREDITORS				
Amounts falling due within one year		(93,017)	-	(93,017)
		<u>165,238</u>	<u>-</u>	<u>165,238</u>
NET CURRENT ASSETS				
		1,770,295	-	1,770,295
CREDITORS				
Amounts falling due after more than one year		(10,200)	-	(10,200)
ACCRUALS AND DEFERRED INCOME				
		(70,358)	-	(70,358)
PENSION LIABILITY				
		(144,000)	-	(144,000)
		<u>1,545,737</u>	<u>-</u>	<u>1,545,737</u>
FUNDS				
Unrestricted funds		81,425	-	81,425
Restricted funds		1,464,312	-	1,464,312
TOTAL FUNDS		<u>1,545,737</u>	<u>-</u>	<u>1,545,737</u>

LICKHILL PRIMARY SCHOOL

**RECONCILIATION OF FUNDS
AT 31 AUGUST 2015**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		1,611,563	-	1,611,563
Investments		1	-	1
Total		1,611,564	-	1,611,564
 CURRENT ASSETS				
Stocks		4,000	-	4,000
Debtors		78,257	-	78,257
Cash at bank and in hand		192,362	-	192,362
		274,619	-	274,619
 CREDITORS				
Amounts falling due within one year		(170,313)	-	(170,313)
NET CURRENT ASSETS		104,306	-	104,306
 TOTAL ASSETS LESS CURRENT LIABILITIES				
		1,715,870	-	1,715,870
 PENSION LIABILITY				
		(171,000)	-	(171,000)
NET ASSETS		1,544,870	-	1,544,870
 FUNDS				
Unrestricted funds		95,874	-	95,874
Restricted funds		1,448,996	-	1,448,996
TOTAL FUNDS		1,544,870	-	1,544,870