

Registered number: 08165736 (England and Wales)

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Governors' report	3 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of Governors' responsibilities	17
Independent auditor's report on the financial statements	18 - 19
Independent reporting accountant's assurance report on regularity	20 - 21
Statement of financial activities incorporating income and expenditure account	22
Balance sheet	23
Statement of cash flows	24
Notes to the financial statements	25 - 45

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

Mr G Moss
The Diocese of Birmingham Educational Trust
The Birmingham Diocesan Board of Finance
The Archdeacon of Birmingham

Governors

Ms S Butt, Chair of Governors
Ms J Doal, Governor (appointed 9 July 2016)
Mr S Fairbanks, Governor
Ms S Goodhead (appointed 5 July 2016)
Miss H Groom, Governor
Ms S Khatun, Staff Governor
Mr G Moss, Vice Chair of Governors¹
Mr J Pemberton, Governor (appointed 8 June 2016)
Mr D Ricketts, Head Teacher (appointed 1 September 2015)¹
Ms K Sheckler, Governor (appointed 6 March 2016)
Miss D Gooden, Governor (resigned 22 September 2016)
Mr D Hunt, Governor (appointed 1 July 2015, resigned 5 July 2016)
Mr J Line, Vice Chair (resigned 1 August 2016)¹

¹ Finance/Audit Committee

Company registered number

08165738

Company name

St Clement's C of E Primary Academy, Nechells

Principal and registered office

Butlin Street
Nechells
Birmingham
B7 5NS

Company secretary

Mr L Davis

Senior management team

Mr D Ricketts, Head Teacher
Mr L Davis, Business Manager
Miss D Shryane, Deputy Head Teacher

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Independent auditor

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Lloyds Bank Plc
22a Great Hampton Street
Birmingham
West Midlands
B18 6AH

Solicitors

Lee Bolton Monier Williams
1 The Sanctuary
London
SW1P 3JT

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditor's Report of St Clement's Church of England Academy, Nechells (the Academy) for the year ended 31 August 2016. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

St Clement's Church of England Academy Nechells, a Church of England Academy, provides education for pupils of different abilities between the ages of 3 and 11. Our pupils are drawn from families living within the local area in accordance with our published admission criteria. It has a pupil capacity of 210 and all but 4 places are currently filled. The school currently has 13 full time Nursery places, with 3 part time places. For the Spring term 2016 we will also have 10 additional part time places for 'rising 3s'.

STRUCTURE, GOVERNANCE AND MANAGEMENT CONSTITUTION

Constitution

The Academy Trust 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 Trust.

The Governors are the directors of the Charitable Company for the purposes of company law. Members delegate responsibility to the Governorss for the charitable activities of St Clement's Church of England Academy, Nechells.

Details of the Governors who served during the year are included in the Reference and Administrative Details on page 1.

MEMBERS' LIABILITY

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

GOVERNORS' INDEMNITIES

The Academy Trust purchases indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust; provided that any insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as directors of the Academy Trust.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The Academy Trust's Governing documents require that the Trust shall have the following Governors (governors):

- a) The Head Teacher
- b) 6 Diocesan trustees - 5 appointed by the Diocesan Board of Education
- c) 2 staff trustee
- d) Up to 2 parent trustees
- e) Up to 1 community trustee

The Head Teacher is an ex-officio Governor.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Diocesan Board of Education may decide to co-opt additional members or the Academy trust may make this decision in conjunction with the Diocesan board of Education.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The Academy purchases support as required from the Birmingham School and Governor Support at Birmingham Local Authority. Support is also offered from Birmingham Diocesan Board of Education which provides regular courses and training for Governors. This all enhances and supports the in-house induction and training programme. Courses and training are also offered by Birmingham Local Authority and other training providers and the Clerk informs each Governor about these.

Governors are kept up to date with their legislative obligations and best practice through the above support services and by the Clerk to the Governing Body.

ORGANISATIONAL STRUCTURE

The Governor Body is responsible for all major decisions about the Academy. The Governor Body is responsible for setting all policies covering Personnel, Health & Safety, Curriculum and Financial aspects of the work of the Academy and monitors this.

The full Governor Body meets at least once a term. The work of the Governor Body is delegated to subcommittees that are formerly constituted with terms of reference, namely:

- Finance and Audit
- Staffing and Pay
- Premises, Health and Safety
- Curriculum
- Disciplinary and Appeals Committee (constituted as required)*

The sub committees (with the exception of *) meet at least termly and the Chairs of these committees report back to the full Governor Body meetings.

The day to day management of the academy is delegated by the Governor Body to the Head Teacher who is supported by the Senior Leadership Team which comprises: Head Teacher and Deputy Head. The Head Teacher is the Accounting Officer.

The Governor Body receives regular reports from the Senior Leadership Team, including budget allocation and expenditure and other data updates including teaching and learning and achievement and standards. The levels of authorisation of budget spend are detailed in the 'Principal Delegation Statement' reviewed annually by the Governor Body.

The initial School Improvement Plan is drawn up by the Head Teacher working with the Senior Leadership Team. The draft plan is reviewed and approved by the full Governor Body. The Curriculum Committee reviews the progress of the plan as part of their regular work. Premises, Health and Safety reviews the environmental and building part of the School Development Plan.

As a primary Academy, a high percentage of the academy's expenditure relates to staffing. The Staffing Structure is determined by the Governor Body working with the Head Teacher. The School Improvement Plan and the staffing structure then inform the Academy budget.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Working in the academy sector St Clement's Church of England Primary Academy, Nechells believes that it is important to be transparent about pay levels of its key management personnel and how those salaries are set. Our salaries are benchmarked against similar roles in the academy sector. The academy generally uses a recognised pay scale for the sector, however some flexibility is applied to take into consideration the specific requirements for each post and ensure we can recruit and retain the best people for the role with both the skills required and the passion for the service. This is reviewed and confirmed by the pay committee.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Academy Trust works with many school networks both within the Birmingham LA (school-to-school networks, Aston-Nechells Consortium) and Birmingham Diocese to further the principal activities of the Academy.

The Academy Trust is sponsored by the Birmingham Diocesan Board of Education via its academy sponsor trust – Diocese of Birmingham Educational Trust. The sponsor supports the Academy Trust through the implementation of the Diocesan School Effectiveness Strategy and Framework for School Improvement. This includes amongst other things, the provision of support and challenge for school evaluation and planning for improvement thoroughly termly Challenge Advisor visits, assistance in strategic planning and reporting, the provision of enhanced responsible officer role, provision of a rigorous accountability framework through scrutiny of school improvement (pupil led and financial) outcomes.

There are no other related parties which either control or significantly influence the decisions and operations of St Clement's Church of England Academy, Nechells apart from its sponsor.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The principal object and activity of the charitable company is the operation of St Clement's Church of England Academy, Nechells to provide education and care for pupils of different abilities between the ages of 3 and 11.

In accordance with the Articles of Association the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things:

- that the school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum) including English, mathematics and science;
- that it provides education for pupils of different abilities;
- it also provides education for pupils who are wholly or mainly drawn from the area in which the school is situated.

The aims of the Academy during the period ended 31 August 2016 are summarised below. The ethos and vision of St Clement's Church of England Academy, Nechells is contained within our ethos statement:

St. Clement's has served the community in Nechells, as a church school in the name of Christ, since 1859.

All children who attend are offered a high quality education that values every person as an individual made in the image of God and seeks to develop them to fulfil their potential both academically and spiritually. We aim to produce citizens of a global community who uphold and respect shared values, which strongly align with the Christian values of the Anglican Communion.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

All individuals, representing a diverse range of backgrounds and beliefs, are welcomed wholeheartedly into our school family and are nurtured and supported by our harmonious school community. Friendship is a blessing extended to each and every one, as we develop a multi-faith community where God's love, compassion and forgiveness inform our daily lives.

School Culture

At the St Clement's we aim to provide opportunities and experiences for everyone to learn and develop their social, creative and academic skills within a motivating and stimulating environment.

We aim to:

- foster an environment that is enriched spiritually, morally and socially through the Christian faith;
- value each child as an individual, regardless of faith, ability, gender or ethnicity;
- nurture children to be polite, respectful and considerate towards one another;
- offer a range of opportunities and experiences to develop their confidence, self-esteem and independence;
- encourage each child to fulfil their individual potential within all areas of the curriculum;
- promote knowledge and understanding through a secure, stimulating and enriched environment;
- create a broad educational experience that is enriched both morally and spiritually through
- partnership with staff, Governors, parents, the local community and the Birmingham Diocese;
- to enable each child to value themselves and have aspirations for the future;
- to recognise everyone's place in the wider community.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The Academy's Self Evaluation identified specific School Development focuses for this year including the following:

- Introduction of initiatives to ensure identified groups make accelerated progress
- Introduce and embed teaching strategies to increase level of Outstanding teaching across the School
- To develop further the teaching of writing throughout the Academy
- To develop new curriculum requirements alongside cementing our ethos as a Church school.

PUBLIC BENEFIT

The Academy is mindful of the guidance on Public Benefit issued by the Charity Commission, and the requirements to comply with current legislation. The Academy will continue to provide education to children that:

- Is balanced and broadly based;
- Provides the spiritual, moral, cultural, mental and physical development of students at the Academy;
- Prepares students for the opportunities, responsibilities and experiences of later life;
- Promotes, sustains and increase individual and collective knowledge and understanding of study, skills and expertise

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

ACHIEVEMENTS AND PERFORMANCE

KEY PERFORMANCE INDICATORS

Statutory assessment results for academic year 2015/16:

LA and National figures are in brackets.

EYFS

Attainment and Progress	Result
Achieving good level of development	73% (Local: 64%; National: 69%)
Progress from end of Nursery GLD	34.1 (Local: 33.2; National: unavailable)

Phonics Screening Checks

Year 1	93% (Local: 79%; National 81%)
Year 2 (Re-sits)	100%

Key Stage 1 (End of Year 2 SATs results)

Subject	% Reaching Expected Standard*
Reading	67% (Local: 69%; National: 74%)
Writing	63% (Local 61%; National: 66%)
Mathematics	67% (Local 67%; National: 73%)
Reading, Writing and Mathematics Combined	67% (Local: 55%; National: 60%)

*Note: The figure for 'Reaching Expected Standard' includes those working 'At' and 'Above' Expected Standard (ie. at Greater Depth).

Comments (EYFS/KS1): Children enter the Nursery with skills and experiences well below those typically seen for their age, especially in their language, speaking, and social development. Good progress is made both in the Nursery and the Reception years leading to outcomes that are at above national and local averages at the end of the EYFS – a trend that is reflected in the end of KS1 outcomes.

The teaching of phonics is a particular strength at the Academy with results for 2015/16 continuing to exceed both local and national averages.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Key Stage 2 (End of Year 6 SATs results)

Subject	% Reaching Expected Standard*
Reading	53% (Local: 58%; National: 66%)
Writing	80% (Local: 69%; National: 74%)
Grammar, Punctuation and Spelling	67% (Local: 71%; National: 72%)
Mathematics	40% (Local: 66%; National: 70%)
Reading, Writing and Mathematics Combined	37% (Local: 47%; National: 52%)

*Note: The figure for 'Reaching Expected Standard' includes those working 'At' and 'Above' Expected Standard (ie. at Greater Depth).

Subject	Progress Score
Reading	98.8*
Writing	102.5*
Mathematics	99.3

*Note: All progress scores were above national floor targets.

Comments (KS2): From 2014-15 improvements in KS2 outcomes were seen in Reading and Maths and in combined Reading, Writing and Maths - moving from below or in line with national to above in all cases. Reading was significantly above the national 2014/2015. However, the results of the new testing system introduced by the Department of Education in 2015/16 impacted upon attainment, although progress remained above floor standards in all areas and was in line with national for Writing. This impact on attainment was reflected in local outcomes. Investigations carried out by the SLT indicate that preparation for KS2 SATs – in particular for Maths – did not sufficiently prepare the pupils for the new tests. This was seen through evidence of learning, progress and attainment within pupils' books and through teacher assessments which was not reflected in the test results.

Pupil numbers

Year Group	Number on roll	Waiting list of
R	30	5
1	28	1 (waiting for place for sibling)
2	30	10
3	29	1 (waiting for place for sibling)
4	29	0
5	30	1
6	30	1

GOING CONCERN

After making appropriate enquiries, the board of Governors 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.

FINANCIAL REVIEW

The main sources of income for the Academy are grants from the Department of Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Academy also receives grants for capital expenditure from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the period ended 31 August 2016, total expenditure of £1,483,640 was contributed towards by recurrent grant funding from the DfE together with other incoming resources. The deficit of income over expenditure for the year (excluding restricted fixed asset funds) was £37,050. These figures exclude the deficit on the Local Government Pension Scheme (see note 20 to the accounts)

At 31 August 2016 the net book value of fixed assets was £2,197,854 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

RESERVES POLICY

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy is holding reserves at 31 August 2016 of £1,756,439.

This comprises:

Restricted Funds Deficit of £495,913
Unrestricted Funds of £54,498
Restricted Fixed Asset Funds of £2,197,854
Restricted Funds comprises:
£82,087 general funds to support the academy's budget in 2016-17
£578,000 is the deficit on the defined benefit pension scheme.

The free reserves of the Academy are £136,585 at 31 August 2016.

The Finance Committee has reviewed these reserves and believes they are adequate to provide sufficient working capital for the Academy to continue to operate within its financial resources, and to cover unexpected urgent work. The minimum reserves required being 1 months payroll at approximately £80,000, with 2 months being desirable.

INVESTMENTS POLICY

The Governor Body is responsible for setting investment policy. This day to day responsibility for managing this function was delegated to the Business Manager. In the current economic climate of reducing income, with low interest rates, and in view of the capital projects undertaken by the Academy, funds have been held in the Academy current account.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the operational areas of the site and facilities, of teaching and the finances. The Governors have implemented a system to assess risks that the school faces, especially in the operational areas which includes teaching, health and safety and in relation to the control of finance. The Governors have introduced systems, including operational procedures and internal financial controls, in order to minimise risk.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The principal financial risk facing the Academy is that funding is dependent upon pupil numbers. Pupil numbers are currently healthy.

The Academy's future funding is also dependent upon Government Policy for Education. The impact on St Clement's Academy Nechells of any review of Schools' Funding, will be assessed accordingly.

The Local Government Pension Scheme, a defined benefit scheme, is currently in deficit. The on-going contributions required, determined following a recent actuarial valuation, are considered to be manageable and within the academy's budget.

PLANS FOR THE FUTURE

FUTURE DEVELOPMENTS

Governors recognise the impact of the learning environment on the levels of pupil achievement and continue to develop and improve the teaching, learning and whole school environment in a continually evolving education system. They actively seek to improve the school building and spaces available for all pupils and for 2016/17 the following work is:

- Remodelling Reception class and outside area;
- Refurbishing the school kitchen;
- Refurbishing the KS1 toilets;
- Maintaining ongoing repairs to the Academy's roofing;
- Maximising opportunities to develop areas for interventions for 1:1 and small group work.

Governors are committed to support and challenge the academy in order to maintain the high levels of achievement the pupils currently attain.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no Funds held as Custodian Trustee on behalf of others.

DISCLOSURE OF INFORMATION TO AUDITOR

- Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that
- so far as the Governor is aware, there is no relevant audit information of which the charitable company's audit is unaware, and
 - the Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

AUDITOR

The auditor, Crowe Clark Whitehill LLP, has indicated its willingness to continue in office. The designated Governors will propose a motion re-appointing the auditor at a meeting of the Governors.

This report was approved by order of the board of Governors as the company directors, on 15 December 2016 and signed on its behalf by:



Ms S Butt
Chair of Governors

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that St Clement's Church of England Academy, Nechells has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of Governors has delegated the day-to-day responsibility to the Head Teacher, 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 St Clement's Church of England Academy, Nechells 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 Governors' Report and in the Governors' Responsibilities Statement. The board of Governors has formally met 4 times during the year.

Attendance during the year at meetings of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Ms S Butt, Chair of Governors	1	4
Ms J Doal, Governor	0	1
Mr S Fairbanks, Governor	4	4
Ms S Goodhead	1	1
Miss H Groom, Governor	3	4
Ms S Khatun, Staff Governor	4	4
Mr G Moss, , Vice Chair of Governors	4	4
Mr J Pemberton, Governor	1	1
Ms K Sheckler, Governor	2	2
Miss D Gooden, Governor	1	4
Mr D Hunt, Governor	0	4
Mr J Line, Vice Chair	4	4

Governance reviews:

Due to the change in Governors the trust will be conducting its next self-evaluation and external review of governance in the next academic year. The Head Teacher is in the process of setting up meetings with representatives from DBET to make the necessary arrangements with a view to strengthening the governance of the school by performing a skills audit that will help to identify development points and may lead to the recruitment of additional governors.

The Finance Committee conducted a financial self-review using the toolkit produced by the EFA. The board was deemed effective in discharging its statutory, strategic and day-to-day functions.
The Finance Committee is a sub-committee of the main board of Trustees. Its purpose is to:

- To operate as the audit committee as per EFA guidance
- To assist the decision making of the Trustee body, by enabling more detailed consideration to be given to the best means of fulfilling the Trustee body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr D Ricketts	2	3
Mr J Line	3	3
Mr G Moss	3	3
Miss D Shyranne	1	1

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Head Teacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy'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 has delivered improved value for money during the year by:

Raising student attainment

Children enter the Nursery with skills and experiences well below those typically seen for their age, especially in their language, speaking, and social development. Good progress is made both in the Nursery and the Reception years leading to outcomes that are at above national and local averages at the end of the EYFS – a trend that is reflected in the end of KS1 outcomes.

The teaching of phonics is a particular strength at the Academy with results for 2015/16 continuing to exceed both local and national averages.

From 2014-15 improvements in KS2 outcomes were seen in Reading and Maths and in combined Reading, Writing and Maths – moving from below or in line with national to above in all cases. Reading was significantly above the national 2014/2015. However, the results of the new testing system introduced by the Department of Education in 2015/16 impacted upon attainment, although progress remained above floor standards in all areas and was in line with national for Writing. This impact on attainment was reflected in local outcomes. Investigations carried out by the SLT indicate that preparation for KS2 SATs – in particular for Maths – did not sufficiently prepare the pupils for the new tests. This was seen through evidence of learning, progress and attainment within pupils' books and through teacher assessments which was not reflected in the test results.

Robust Governance and oversight of Academy's finance

drb Management Ltd, have acted as the Responsible Officer (RO) to undertake termly reviews of key financial policies and procedures. Reports are produced which detail the Academy's compliance and demonstrate that the Academy has sound internal spending controls. These reports are presented to the Finance Committee on a termly basis. The Academy also adopts the Academies Financial Handbook annually and complies with all updates and changes to policy and practice.

The full Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy remains a "going concern". The Governing Body also receives and approves the Statutory Accounts and the External Auditor's Management Report.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Ensuring Value for Money is achieved and resources are used efficiently and effectively

Contracts are regularly reviewed to ensure they conform to with the Financial Regulations and limits agreed by the Governing Body. The latest example of this saw the catering contracted to Aspens which has improved the quality of the food within the allocated resources in an effort to maximise value for money and quality of provision for the pupils. This has aided the continued smooth introduction of free school dinners for KS1. Comparable quotes are obtained for expenditure over £10,000 but below the tender limit.

Reviewing controls and managing risks

Budget reports are monitored on a regular basis by the Business Manager and the Head Teacher. Any remedial action is taken to address any significant variances that may have an impact on budget outturn. Budget monitoring and financial information reports are now issued to the governors on a monthly basis. Significant variances are reported to, and discussed termly in the Finance Committee meeting.

Reviewing operation to maximise the use of resources

The Senior Leadership Team review expenditure within each budget heading annually and make adjustments based on effectiveness of strategies introduced in previous years, curriculum development and the School Development Plan.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 St Clement's Church of England Academy, Nechells for the year 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 Academy 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 ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 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'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 Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- 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 to appoint DRB Management Limited as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems

- testing of payroll systems
- testing of purchase systems
- testing of control account / bank reconciliations

On a termly basis, the internal auditor reports to the board of Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;

The work of the executive managers within the Academy 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 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 Governors on 15 December 2016 and signed on their behalf,
by:


Ms S Butt
Chair of Governors


Mr D Ricketts
Accounting Officer

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of St Clement's C of E Primary Academy, Nechells I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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



Mr D Ricketts
Accounting Officer

Date: 15 December 2016

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who act as governors of St Clement's C of E Primary Academy, Nechells and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report 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) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Governors on 15 December 2016 and signed on its behalf by:



Ms S Butt
Chair of Governors

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS

We have audited the financial statements of St Clement's C of E Primary Academy, Nechells for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST
CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS**

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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.


Helen Drew (Senior statutory auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 16-12-16

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST
CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 23 July 2014 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 St Clement's C of E Primary Academy, Nechells during the year 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 St Clement's C of E Primary Academy, Nechells and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St Clement's C of E Primary Academy, Nechells 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 St Clement's C of E Primary Academy, Nechells and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS'S AND
THE REPORTING ACCOUNTANT**

The is responsible, under the requirements of St Clement's C of E Primary Academy, Nechells's funding agreement with the Secretary of State for Education dated 1 October 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 year 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 academy's income and expenditure.

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy and specific transactions identified from our review.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST
CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS AND THE EDUCATION FUNDING AGENCY**
(continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 10-12-16

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	24,100	6,399	30,499	37,002
Charitable activities	3	25,900	1,390,949	-	1,416,849	1,418,693
Other trading activities	4	-	-	-	-	535
Investments	5	541	-	-	541	150
TOTAL INCOME		26,441	1,415,049	6,399	1,447,889	1,456,380
EXPENDITURE ON:						
Charitable activities		25,218	1,411,198	47,224	1,483,640	1,373,721
TOTAL EXPENDITURE	6	25,218	1,411,198	47,224	1,483,640	1,373,721
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	1,223	3,851	(40,825)	(35,751)	82,659
		-	(42,124)	42,124	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		1,223	(38,273)	1,299	(35,751)	82,659
Actuarial losses on defined benefit pension schemes	20	-	(312,000)	-	(312,000)	(32,000)
NET MOVEMENT IN FUNDS		1,223	(350,273)	1,299	(347,751)	50,659
RECONCILIATION OF FUNDS:						
Total funds brought forward		53,275	(145,640)	2,196,555	2,104,190	2,053,531
TOTAL FUNDS CARRIED FORWARD		54,498	(495,913)	2,197,854	1,756,439	2,104,190

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 25 to 45 form part of these financial statements.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)
REGISTERED NUMBER: 08165736

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016	£	£	2015	£
FIXED ASSETS							
Tangible assets	12			2,197,854			2,196,555
CURRENT ASSETS							
Debtors	13	67,553			53,581		
Cash at bank and in hand		194,531			157,529		
				<u>262,084</u>			<u>211,110</u>
CREDITORS: amounts falling due within one year	14	(120,499)			(52,475)		
NET CURRENT ASSETS				141,585			158,635
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>2,339,439</u>			<u>2,355,190</u>
CREDITORS: amounts falling due after more than one year	15			(5,000)			(7,000)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES				<u>2,334,439</u>			<u>2,348,190</u>
Defined benefit pension scheme liability	20			(578,000)			(244,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES				<u>1,756,439</u>			<u>2,104,190</u>
FUNDS OF THE ACADEMY							
Restricted income funds:							
Restricted income funds	16	82,087			98,360		
Restricted fixed asset funds	16	2,197,854			2,196,555		
Restricted income funds excluding pension liability				<u>2,279,941</u>			<u>2,294,915</u>
Pension reserve		(578,000)			(244,000)		
Total restricted income funds				1,701,941			2,050,915
Unrestricted income funds	16			54,498			53,275
TOTAL FUNDS				<u>1,756,439</u>			<u>2,104,190</u>

The financial statements were approved by the Governors, and authorised for issue, on 15 December 2016 and are signed on their behalf, by:

Ms S Butt
Chair of Governors



The notes on pages 25 to 45 form part of these financial statements.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>78,585</u>	<u>49,289</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(48,523)	(17,870)
Capital grants from DfE/EFA		6,399	6,230
Interest received		541	150
Net cash used in investing activities		<u>(41,583)</u>	<u>(11,490)</u>
Change in cash and cash equivalents in the year		37,002	37,799
Cash and cash equivalents brought forward		<u>157,529</u>	<u>119,730</u>
Cash and cash equivalents carried forward	19	<u><u>194,531</u></u>	<u><u>157,529</u></u>

The notes on pages 25 to 45 form part of these financial statements.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

St Clement's C of E Primary Academy, Nechells constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

1.2 COMPANY STATUS

The academy is a company limited by guarantee, which is incorporated and registered in England and Wales (No. 08165736). The members of the company are the Governors named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 GOING CONCERN

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

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 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 Department for Education 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.5 INCOME

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. 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 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 is certainty of receipt and it is measurable.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 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.

Charitable activities and Governance costs 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.

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	50 years
Plant & machinery	-	4 years
Computer equipment	-	4 years

The freehold land is owned by The Diocesan Board of Education. The Trustees of The Diocesan Board of Education have granted the Academy, via a supplemental agreement, the right to use the land for educational purposes indefinitely. The land has not been depreciated as there is no cessation date for occupancy and the agreement is for indefinite use.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.9 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.10 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.

1.11 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 LIABILITIES AND PROVISIONS

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

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

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 FINANCIAL INSTRUMENTS

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation. The key judgments in performing this valuation can be found in note 1.15.

1.15 PENSIONS

Retirement benefits to employees of the academy 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.

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 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 20, 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 incorporating income and expenditure account 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

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.16 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 20, 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.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Insurance reclaims	-	24,100	-	24,100	29,761
Secondment income	-	-	-	-	1,011
Capital Grants	-	-	6,399	6,399	6,230
	<u>-</u>	<u>24,100</u>	<u>6,399</u>	<u>30,499</u>	<u>37,002</u>
Donations	-	24,100	6,399	30,499	37,002

In 2015, of the total income from donations and capital grants, £1,011 was to unrestricted funds, £29,761 was to restricted funds and £6,230 was to restricted fixed asset funds.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	1,115,977	1,115,977	1,076,650
Other DfE/EFA grants	-	210,090	210,090	208,132
	-	1,326,067	1,326,067	1,284,782
Other government grants				
LA Grants	-	57,295	57,295	108,413
	-	57,295	57,295	108,413
Other funding				
School fund	11,487	-	11,487	10,904
Catering	14,413	-	14,413	14,594
TeachFirst income	-	5,200	5,200	-
Other income	-	2,387	2,387	-
	25,900	7,587	33,487	25,498
	25,900	1,390,949	1,416,849	1,418,693

In 2015, of the total income from charitable activities, £25,498 was to unrestricted funds and £1,393,195 was to restricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Sundry income	-	-	-	535
	-	-	-	535

In 2015, of the total income from other trading activities, £ 535 was to unrestricted funds and £ NIL was to restricted funds.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	541	-	541	150

In 2015, of the total investment income, £ 150 was to unrestricted funds and £ NIL was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Academy's educational operations					
Direct costs	783,736	47,224	118,685	949,645	863,060
Support costs	260,009	62,550	211,436	533,995	510,661
	<u>1,043,745</u>	<u>109,774</u>	<u>330,121</u>	<u>1,483,640</u>	<u>1,373,721</u>

In 2016, of the total expenditure, £25,218 (2015 - £26,236) was to unrestricted funds, £1,411,198 (2015 - £1,300,265) was to restricted funds and £47,224 (2015 - £47,220) was to restricted fixed assets funds.

7. SUPPORT COSTS

	Activities £	Total 2016 £	Total 2015 £
Technology costs	19,710	19,710	23,304
Premises Costs	62,550	62,550	54,785
Other support costs	179,876	179,876	164,625
Governance costs	11,850	11,850	11,882
Wages and salaries	207,901	207,901	222,058
National insurance	7,239	7,239	2,818
Pension cost	44,869	44,869	31,189
	<u>533,995</u>	<u>533,995</u>	<u>510,661</u>

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	47,224	47,220
Auditor's remuneration - audit	3,000	3,000
Auditor's remuneration - non audit	2,400	1,900
Operating lease rentals	6,226	6,226
	<hr/> <hr/>	<hr/> <hr/>

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	827,322	786,268
Social security costs	56,385	45,528
Operating costs of defined benefit pension schemes	136,346	106,112
	<u>1,020,053</u>	<u>937,908</u>
Supply teacher costs	23,692	29,889
Compensation payments	-	10,370
	<u>1,043,745</u>	<u>978,167</u>

Staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £Nil (2015: £10,370).

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

	2016 No.	2015 No.
Teachers	13	12
Administration and support	30	24
Management	2	2
	<u>45</u>	<u>38</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for this staff member amounted to £9,220 (2015: £9,256).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £153,025 (2015: £176,153).

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

10. GOVERNORS' REMUNERATION AND EXPENSES

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2016 £	2015 £
Mr D Ricketts	Remuneration	55,000-60,000	50,000-55,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Ms S Khatun	Remuneration	15,000-20,000	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000
Miss H Groom	Remuneration	40,000-45,000	30,000-35,000
	Pension contributions paid	5,000-10,000	0-5,000

During the year, travel and subsistence expenses totalling £49 (2015 - £262) were reimbursed to 1 governor.

11. GOVERNORS' 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 £1,442,000 (2015: £2,000,000) on any one claim and the cost for the year ended 31 August 2016 was £758 (2015 - £780).

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

12. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Plant & machinery £	Computer equipment £	Total £
COST				
At 1 September 2015	2,256,476	24,551	45,028	2,326,055
Additions	2,709	38,291	7,523	48,523
At 31 August 2016	<u>2,259,185</u>	<u>62,842</u>	<u>52,551</u>	<u>2,374,578</u>
DEPRECIATION				
At 1 September 2015	87,279	14,778	27,443	129,500
Charge for the year	29,829	6,138	11,257	47,224
At 31 August 2016	<u>117,108</u>	<u>20,916</u>	<u>38,700</u>	<u>176,724</u>
NET BOOK VALUE				
At 31 August 2016	<u>2,142,077</u>	<u>41,926</u>	<u>13,851</u>	<u>2,197,854</u>
At 31 August 2015	<u>2,169,197</u>	<u>9,773</u>	<u>17,585</u>	<u>2,196,555</u>

Included in land and buildings is leasehold land at valuation of £765,000 (2015 - £765,000) which is not depreciated.

13. DEBTORS

	2016 £	2015 £
Other debtors	5,063	13,952
Prepayments and accrued income	62,490	39,629
	<u>67,553</u>	<u>53,581</u>

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other loans	5,000	3,000
Trade creditors	-	2,888
Other taxation and social security	17,559	15,329
Accruals and deferred income	97,940	31,258
	<u>120,499</u>	<u>52,475</u>
	2016 £	2015 £
DEFERRED INCOME		
Deferred income at the beginning of the period	9,942	7,762
Resources deferred during the year	11,854	9,942
Amounts released from previous years	(9,942)	(7,762)
Deferred income at 31 August 2016	<u>11,854</u>	<u>9,942</u>

The above deferred income consists of £11,854 for infant free school meals.

**15. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £	2015 £
Other loans	<u>5,000</u>	<u>7,000</u>

In the financial year ending 31st August 2014, St Clement's received a Salex loan of £10,000 from the EFA for replacement boilers. The loan is at 0% interest and will be repaid over a 5 year period in £1,000 installments every 6 months from 1 March 2015. The first 3 installments were not taken, therefore £5,000 is being shown as due within 1 year with £5,000 being shown due after 1 year.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
Unrestricted funds	53,275	26,441	(25,218)	-	-	54,498
RESTRICTED FUNDS						
General Annual Grant (GAG)	68,000	1,115,977	(1,088,146)	(42,124)	-	53,707
Other EFA grants	30,360	210,090	(212,070)	-	-	28,380
Other restricted funds	-	88,982	(88,982)	-	-	-
Pension reserve	(244,000)	-	(22,000)	-	(312,000)	(578,000)
	(145,640)	1,415,049	(1,411,198)	(42,124)	(312,000)	(495,913)
RESTRICTED FIXED ASSET FUNDS						
Restricted fixed assets	2,196,555	-	(47,224)	48,523	-	2,197,854
DfE/EFA capital grants	-	6,399	-	(6,399)	-	-
	2,196,555	6,399	(47,224)	42,124	-	2,197,854
Total restricted funds	2,050,915	1,421,448	(1,458,422)	-	(312,000)	1,701,941
Total of funds	2,104,190	1,447,889	(1,483,640)	-	(312,000)	1,756,439

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

- 1) General Annual Grant: this must be used for the normal running costs of the Academy Trust
- 2) Other DfE/EFA Grant: this fund relates to other grants received which must be used for the purpose intended.
- 3) Other Restricted Funds: this fund relates to all other restricted funds received which must be used for the purpose intended.
- 4) Restricted fixed asset fund: this fund relates to resources which must be applied for specific capital purposes intended.

Transfer between the Restricted funds and Restricted Fixed Asset funds relates to the amounts expended on fixed assets from other funds.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

SUMMARY OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Carried Forward £
General funds	53,275	26,441	(25,218)	-	-	54,498
Restricted funds	(145,640)	1,415,049	(1,411,198)	(42,124)	(312,000)	(495,913)
Restricted fixed asset funds	2,196,555	6,399	(47,224)	42,124	-	2,197,854
	<u>2,104,190</u>	<u>1,447,889</u>	<u>(1,483,640)</u>	<u>-</u>	<u>(312,000)</u>	<u>1,756,439</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	2,197,854	2,197,854	2,196,555
Current assets	54,498	207,586	-	262,084	211,110
Creditors due within one year	-	(120,499)	-	(120,499)	(52,475)
Creditors due in more than one year	-	(5,000)	-	(5,000)	(7,000)
Provisions for liabilities and charges	-	(578,000)	-	(578,000)	(244,000)
	<u>54,498</u>	<u>(495,913)</u>	<u>2,197,854</u>	<u>1,756,439</u>	<u>2,104,190</u>

**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(35,751)	82,659
Adjustment for:		
Depreciation charges	47,224	47,220
(Increase)/decrease in debtors	(13,972)	61,139
Increase/(decrease) in creditors	66,024	(151,349)
Capital grants from DfE and other capital income	(6,399)	(6,230)
Defined benefit pension scheme cost less contributions payable	13,000	7,000
Defined benefit pension scheme finance cost	9,000	9,000
Returns on Investments and servicing of finance	(541)	(150)
Net cash provided by operating activities	<u>78,585</u>	<u>49,289</u>

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	194,531	157,529
Total	<u>194,531</u>	<u>157,529</u>

20. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

20. PENSION COMMITMENTS (continued)

- 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 £78,062 (2015 - £58,581).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £39,349 (2015 - £51,251), of which employer's contributions totalled £24,640 (2015 - £31,531) and employees' contributions totalled £14,709 (2015 - £19,720). The agreed contribution rates for future years are 10.5% for employers and between 5.5% and 12.5% 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.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.75 %	4.05 %
Rate of increase for pensions in payment / inflation	2.00 %	2.40 %
Inflation assumption (CPI)	2.00 %	2.40 %

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

	2016	2015
Retiring today		
Males	23.1	23.0
Females	25.8	25.6
Retiring in 20 years		
Males	25.3	25.2
Females	28.1	28.0

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

20. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	237,000	174,000
Government bonds	28,000	22,000
Other bonds	34,000	29,000
Property	32,000	25,000
Cash/Liquidity	26,000	15,000
Other	43,000	27,000
	<u>400,000</u>	<u>292,000</u>
Total market value of assets	<u>400,000</u>	<u>292,000</u>

The actual return on scheme assets was £60,000 (2015 - £11,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost	47,000	34,000
Net interest on defined liability	9,000	9,000
Expected return on scheme assets	-	-
	<u>56,000</u>	<u>43,000</u>
Total	<u>56,000</u>	<u>43,000</u>

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	536,000	439,000
Contributions by employees	14,000	11,000
Actuarial losses	359,000	33,000
Current service cost	47,000	34,000
Interest cost	22,000	19,000
	<u>978,000</u>	<u>536,000</u>
Closing defined benefit obligation	<u>978,000</u>	<u>536,000</u>

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

20. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	292,000	243,000
Interest on assets	13,000	10,000
Actuarial gains and (losses)	47,000	1,000
Contributions by employer	34,000	27,000
Contributions by employees	14,000	11,000
	<u>400,000</u>	<u>292,000</u>
Closing fair value of scheme assets	<u>400,000</u>	<u>292,000</u>

The academy expects to contribute £31,000 to its Defined benefit pension scheme in 2017.

21. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	6,226	6,226
Between 1 and 5 years	10,895	17,120
	<u>17,121</u>	<u>23,346</u>
Total	<u>17,121</u>	<u>23,346</u>

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

22. RELATED PARTY TRANSACTIONS

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

The Diocesan Board of Education Trust which acts as the sponsor were paid a levy of £27,565 (2015: £18,000) by the Academy during the period. The Academy received £Nil (2015: £Nil) reimbursements of costs during the year.

The freehold land is held by the Birmingham Diocesan Trustees registered as custodians for the beneficial user of the land - St Clement's C of E Primary Academy, Nechells. The Birmingham Diocesan Trustees have granted the Academy, via a supplemental agreement, the right to use the land for educational purposes indefinitely. The land has not been depreciated as there is no cessation date for occupancy and the agreement is for indefinite use.

Mr Simmons, the husband of Sue Simmons (Principal up to 31 August 2015) is the owner of ANS Electrical Contractors Limited. ANS Electrical Contractors Limited carried out electrical works for St Clement's C of E Primary Academy, Nechells totalling £Nil (2015: £871) during the year. This work was approved by the board and provided to the academy at cost. No balance was due to this company at the Balance Sheet date.

The Vice Chair, John Line is a director of Academy Company Secretary Limited. Secretarial services were provided to St Clement's C of E Primary Academy, Nechells during 2016 and 2015 at no cost.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The St Clement's C of E Primary Academy, Nechells is an autonomous body, financed mainly by public funding and files separate entity accounts.

The Academy's sponsor, The Diocesan Board of Educational Trust, incorporated in England and Wales (Company No: 07934124, Charity No: 1150469), has the power to appoint Governors to the board of the Academy. St Clement's C of E Primary Academy, Nechells, along with all other academies in The Diocese of Birmingham Educational Trust, will therefore be consolidated at trust level.

24. MEMBERS' LIABILITY

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

ST CLEMENT'S C OF E PRIMARY ACADEMY, NECHELLS
(A company limited by guarantee)

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

25. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework, upon which the financial statements for the year ended 31 August 2015 were prepared, are not materially different to FRS 102 and have not impacted on reserves.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

The Local Government Pension Scheme has been adjusted to reflect changes resulting from transition to FRS 102 and whilst there is no difference to report in the net liability, the actuarial loss has decreased by £5,000 to £32,000 with an increase in the charge to expenditure of the same amount.