

REGISTERED COMPANY NUMBER: 08748904 (England and Wales)

**Strategic Report, Report of the Trustees and
Financial Statements for the Period 25 October 2013 to 31 August 2014
for**

Mercia Primary Academy Trust

Haines Watts
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

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Mercia Primary Academy Trust

**Reference and Administrative Details
for the Period 25 October 2013 to 31 August 2014**

TRUSTEES

Mrs L M Colclough (Ofsted Registered Childminder) (appointed 25.10.13)
R J Lane (Chief Executive Officer) (appointed 25.10.13)
V M C Van Den Bergh (Minister Of Religion) (appointed 25.10.13)
Mrs S E Boden (Teacher) (appointed 25.10.13) *
Mrs M L Booth (appointed 25.10.13) *
Mrs R K Hyland (Teacher) (appointed 25.10.13) *
W Pell Walpole (appointed 25.10.13) *
Mrs V Lawson (appointed 25.10.13) *
Mrs J Meah (appointed 25.10.13) *
Mrs D Golder (appointed 25.10.13)
Mrs N Archer (appointed 25.10.13)
Mrs C Keast (appointed 25.10.13) *
T Soult (appointed 25.10.13)
M Hambly (appointed 25.10.13) *
Mrs M Couchman (appointed 25.10.13) *
Mrs L Moore (appointed 25.10.13) *
R Kingston (appointed 25.10.13) *
Mrs M Pitt (appointed 25.10.13) *

* members of the finance and premises committee

COMPANY SECRETARY Mrs S M Adams

SENIOR MANAGEMENT TEAM

Mrs M L Booth (Deputy Headteacher) (appointed 1.1.14)
Mrs S E Boden (Deputy Headteacher) (appointed 1.1.14)
Mrs S M Adams (Finance & HR Officer) (appointed 1.1.14)
R J Lane (Executive Headteacher) (appointed 1.1.14)

MEMBERS

Michelle Louise Booth
Mark Richard Hambly
Victor Michael Cornelius Van Den Burgh

DIRECTORS

Mrs L M Colclough (appointed 25.10.13)
R J Lane (appointed 25.10.13)
V M C Van Den Burgh (appointed 25.10.13)
Mrs S M Adams (appointed 25.10.13)

REGISTERED OFFICE

Mercia Primary Academy Trust
Chestnut Avenue
Tamworth
Staffordshire
B79 8QZ

REGISTERED COMPANY NUMBER 08748904 (England and Wales)

AUDITORS

Haines Watts
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

SOLICITORS

Anthony Collins
134 Edmund Street
Birmingham
B3 2ES

BANKERS

Lloyds Bank
17 George Street
Tamworth
Staffordshire
B79 7LW

Mercia Primary Academy Trust

Strategic Report
for the Period 25 October 2013 to 31 August 2014

Achievement and performance

We believe that this year has been extremely successful for MPAT (Mercia Primary Academy Trust). Flax Hill has been identified by the DFE as a centre of excellence in the West Midland region with regards to its Pupil Premium progress. The school is now working with key educational partners including the DFE and Sutton Trust to spread this knowledge.

Progress in both schools has shown improvement with Lark Hall's KS1 results showing a marked improvement. Phonics results have again exceeded national expectations.

KS1 Progress and Attainment

Year 1	Below expected progress	Expected progress	Above expected progress	Average APS gain
Writing	7%	26%	67%	4.5
Reading	11%	11%	78%	4.3
Numeracy	7%	37%	56%	3.9
Year 2				
Writing		11%	89%	7
Reading		4%	96%	6.5
Numeracy		4%	96%	6.2

With Raise online data now available it is clear that Flax Hill, despite having considerably higher FSM than the national average consistently out performs national expectations.

Average Point Score Table for 2014 Year 6 results (taken from raise online)

Year		2010*	2011	2012	2013**	2014
All Subjects	Cohort	-	77	71	56	60
	School	-	27.4	28.9	29.1	29.5
	National	27.4	27.5	28.2	28.3	28.7
	Difference	-	-0.1	0.7	0.8	0.8
	Significance	-	-	-	-	-
Mathematics	Cohort	-	77	71	56	60
	School	-	27.4	28.6	28.7	29.6
	National	27.4	27.6	28.4	28.7	29.0
	Difference	-	-0.2	0.2	1.0	0.6
	Significance	-	-	-	-	-
Reading	Cohort	-	77	71	56	60
	School	-	28.7	29.7	28.5	29.9
	National	-	28.2	28.8	28.5	29.0
	Difference	-	0.5	0.9	0.0	0.9
	Significance	-	-	-	-	-
Writing (TA)	Cohort	-	77	71	56	60
	School	-	25.1	27.9	28.7	29.2
	National	-	26.4	27.3	27.5	27.9
	Difference	-	-1.3	0.6	1.2	1.3
	Significance	-	Sig	-	Sign	-
English Grammar, Punctuation & Spelling	Cohort	-	-	-	56	60
	School	-	-	-	29.6	29.2
	National	-	-	-	28.1	28.6
	Difference	-	-	-	1.5	0.7
	Significance	-	-	-	-	-
English	Cohort	-	77	71	-	-
	School	-	27.4	28.2	-	-
	National	27.1	27.1	28.1	-	-
	Difference	-	0.3	1.1	-	-
	Significance	-	-	Sign	-	-

Mercia Primary Academy Trust

**Strategic Report
for the Period 25 October 2013 to 31 August 2014**

Key financial performance indicators

Key financial performance indicators show that the budget set allowed the Trust to fulfill all its functions more than effectively in its first 8 months of activity. This was done for the benefit of its pupils, whilst further increasing its overall surplus to allow for future initiatives.

ON BEHALF OF THE BOARD:



V M C Van Den Bergh - Minister Of Religion

19 December 2014

Mercia Primary Academy Trust

Report of the Trustees for the Period 25 October 2013 to 31 August 2014

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1st January 2014 ending on 31 August 2014. The annual report serves the purposes of both a trustee' report and a directors' report under company law.

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the period 25 October 2013 to 31 August 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Academies Accounts Direction issued by the Education Funding Agency.

INCORPORATION

The charitable company was incorporated on 25 October 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Mercia Primary Academy Trust was incorporated on 25 October 2013 as a company limited by guarantee (company number 08748904) and an exempt charity. On 1 January 2014, Lark Hall Infant School and Flax Hill Junior School converted from Local Authority Maintained primary schools to the Mercia Primary Academy Trust. The Academy Trust was formed with the support of the governing body and consists of three members (as detailed on page 1). The full governing body approved the conversion to academy status and the adoption of the Memorandum and Articles of Association. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Mercia Primary Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Mercia Primary Academy. Details of the trustees and members who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' Indemnities

As part of the overall insurance cover taken out with third party insurers the Academy has taken out insurance relating to Governors' indemnity. The limit of indemnity cover is £5 million in this respect.

Recruitment and appointment of new trustees

The Members may agree by passing a special resolution in writing to appoint such additional members as they think fit.

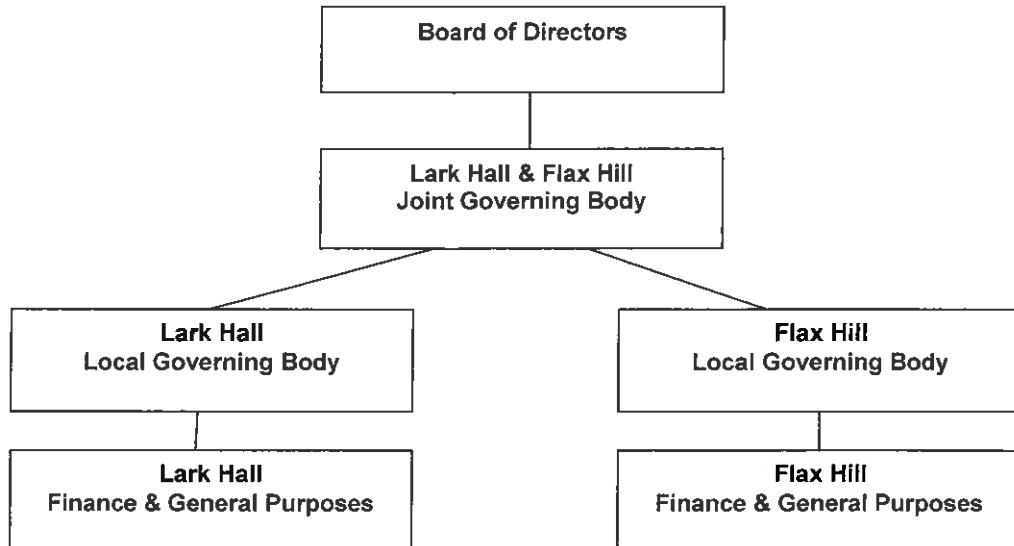
Induction and training of new trustees

The training and induction provided for new governors and trustees will depend upon their existing experience. Induction is tailored specifically to the individual, however, all trustees receive membership to the Modern Governor e-training programme, which provides training on all aspects of school governance and they receive subscription to relevant periodicals / web sites i.e. Staffordshire Learning Net, Staffordshire Governors Association. Specific training workshops are also provided via Staffordshire Education, to which all Governors are able to attend.

Organisational structure

The day to day management of the academy is delegated to the Academy Leadership Team, as listed on page 1, led by the Head teacher who is the accounting officer.

Organisational structure



The Directors of the Trust meet at least 3 times per year.

The full board of trustees is separated into two local governing bodies who will meet once a term.

Each local governing bodies are separated into the following committee.

1. Finance & General Purposes Committee has overall responsibility for monitoring the Academy budget. It also deals with all matters relating to buildings, including insurance, minor improvements, general repairs and tender procedures for capital projects.

The Headteacher is a Director and acts as ex-officio on the full board of trustees, both local governing bodies and the finance committee. The Deputy is a Governor at the academy.

Connected organisations, including related party relationships

Mercia Primary Academy Trust has no connected organisations. The Trust has the following related party relationships:

R Lane (Headteacher) – father owns Arrow software

The Trust works very closely with Ashcroft Infant & Nursery School. A feeder infant school to the Junior Academy.

The Trust has an active Parent Association at both academies.

Risk management

Buildings and grounds - Regular inspection of the grounds, building structure and fabric are undertaken - A schedule of works is completed annually and reviewed by Governors. Building and contents insurance is in place and reviewed annually. Contingency plans are in place to support unforeseen circumstances.

Health & Safety - Regular inspections are undertaken, overseen by a Governor. The Academy subscribes to a Management Service Level Agreement with the Local Authority who provides support, procedural structure and advice.

Performance - Pupil performance is monitored by the Senior Leadership Team and reported to Governors through termly report. Action plans are created and monitored at pupil level. Staff receive Performance Management Appraisals; opportunities for training are identified and tracked.

Finance - Financial procedures and a Scheme of Delegation are in place. Independent Internal Auditors are appointed who report termly to a Trustee appointed as a Responsible Officer. External auditors have been appointed.

OBJECTIVES AND ACTIVITIES

Objectives and aims

Our Aim - Everyone is valued and shares responsibility for the challenging learning that takes place

The Trust's primary objective is to provide a broad and balanced education for the children of the community it serves. The Academy Trust sets itself at the heart of the community, promoting community cohesion and sharing facilities with other schools and the wider community.

Objectives, strategies and activities

Key priorities for the year are contained in our School Development Plan (SDP) copies of which can be obtained from headteacher@flaxhill.staffs.sch.uk.

Improvement focusses identified for this year include:-

- The teaching and learning of Numeracy, Reading and Writing at Lark Hall
- The teaching and learning of Numeracy at Flax Hill
- To raise standards of teaching towards outstanding

Public benefit

Mercia Primary Academy Trust is approved by the Department of Education (DfE) and funded wholly by the Education Funding Agency (EFA) to further the education of pupils admitted under the requirements set by the EFA Funding Agreement with the admission of pupils without fee. Parents are able to apply for their children to be admitted in accordance with these requirements. Governors ensure that applications are considered appropriately.

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Mercia Primary Academy Trust

Report of the Trustees for the Period 25 October 2013 to 31 August 2014

ACHIEVEMENT AND PERFORMANCE

Going concern

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

FINANCIAL REVIEW

The Financial Position of the Trust

The financial position of the Trust is a healthy one with a current cash surplus of approximately £221,201. The principal sources of income arose from the general access grant provided by the Education Funding Agency and Pupil Premium funding. Flax Hill Academy were awarded the prestigious accolade of 'Pupil Premium School of the Year West Midlands 2014'. A full statement of the Trusts use of pupil premium funding and its impact can be found on the Academies website.

Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements, especially to buildings repair not covered by insurance.

Investment policy and objectives

The Academy currently has no material investments.

Financial and risk management objectives and policies

The Trust considers its exposure to financial risk as low. The measures it takes, such as the separation of duties, mean that the Trust's assets and liabilities are managed effectively and its financial position is able to be maintained. At this time, the Trust recognises its debt to the local government pension scheme. The liabilities associated with the scheme are subject to variations outside of the control of the Academy. Further information regarding the possible impact of the scheme are disclosed within note 17.

FUTURE DEVELOPMENTS

In accordance with the aims and objectives of Mercia Primary Academy Trust, it will continue to further the education and drive improvements in the performance of all pupils to the best of their abilities. The Academy will continue to develop its resources, assets and staff to achieve these aims and objectives.

FUNDS HELD AS CUSTODIAN FOR OTHERS

The Academy has no such funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties identified by the Trustees are those which may have a substantial impact on the provision of education. These include the loss of / long term illness of key members of staff, fire and flood, loss of computer systems. These risks are addressed so as to minimise any impact on the Academy, for instance ensuring adequate insurance is held and up to date and using the County Council for holding the computerised financial records.

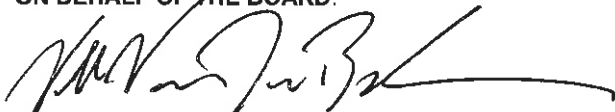
AUDITORS

In so far as the Trustees are aware:

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

It is proposed that the auditors, Haines Watts Chartered Accountants, be re-elected for the coming year.

ON BEHALF OF THE BOARD:



V M C Van Den Bergh - Minister Of Religion

19 December 2014

Mercia Primary Academy Trust

Governance Statement for the Period 25 October 2013 to 31 August 2014

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 1 time during the period. Attendance during the period at meetings of the board of trustees was as follows:

Directors	Meetings attended	Out of a possible
Rev. VMC Van Den Bergh (Chair)	4	4
RJ Lane	4	4
Mrs LM Colclough	4	4

The Joint Governing Body have met formally once during the period. Attendance as follows:

Trustees	Meetings attended	Out of a possible
W Pell-Walpole (FH) (Chair)	1	1
Mrs M Couchman (LH) (Chair)	1	1
RJ Lane (Headteacher)	1	1
Mrs V Lawson (FH)	1	1
Mrs J Meah (FH)	1	1
Mrs S Boden (FH)	1	1
Mrs D Golder (FH)	1	1
Mrs N Archer (FH)	1	1
Mrs C Keast (FH)	1	1
T Soult (FH)	1	1
M Hambly (FH)	0	1
Mrs L M Colclough (FH)	0	1
Mrs L Moore (LH)	1	1
Mrs M Booth (LH)	1	1
Mrs M Pitt (LH)	1	1
Mrs R Hyland (LH)	1	1
R Kingstone (LH)	1	1
Rev. VMC Van den Bergh (LH)	0	1
Mrs J Shepherd (LH)	0	1

The Lark Hall Governing Body has met once during the period. Attendance as follows:

Trustees	Meetings attended	Out of a possible
Mrs M Couchman	1	1
Mrs M Booth	1	1
Mrs R Hyland	1	1
Mrs L Moore	1	1
RJ Lane	1	1
R Kingstone	0	1
Mrs J Shepherd	0	1
Rev. VMC Van Den Bergh	0	1

Mercia Primary Academy Trust

**Governance Statement
for the Period 25 October 2013 to 31 August 2014**

The Lark Hall Finance Committee has met twice during the period. Attendance as follows:

Trustee	Meetings attended	Out of a possible
Mrs M Couchman (Chair)	2	2
Mrs L Moore	2	2
Rev. VMC Van Den Bergh	1	2
Mrs M Booth (Staff)	2	2
Mrs R Hyland (Staff)	1	2
Mrs M Pitt (Staff)	2	2
R Kingstone	0	2
RJ Lane	2	2

The Flax Hill Finance Committee has met twice during the period. Attendance as follows:

Trustee	Meetings attended	Out of a possible
W Pell-Walpole (Chair)	2	2
M Hambly	2	2
Mrs C Keast	2	2
Mrs D Golding	1	2
Mrs J Meah (Staff)	1	2
Mrs V Lawson (Staff)	1	2
Mrs S Boden (Staff)	2	2
RJ Lane	2	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Mercia Primary Academy Trust for the period 25 October 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 25 October 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Mercia Primary Academy Trust

Governance Statement for the Period 25 October 2013 to 31 August 2014

The Risk and Control Framework

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

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

The Risk and Control Framework

The governing body has considered the need for a specific internal audit function and has appointed Staffordshire County Council Internal Audit Services as an independent internal auditor, and to appoint Mr R J Lane, as Responsible Officer ('RO'). The auditors role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the auditor and RO report to the governing body in the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

All recommendations have been investigated and where necessary procedures amended or an Action Plan implemented for future development.

Review of Effectiveness

As Accounting Officer, the Principal 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 Independent Internal Auditor;
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 19 December 2014 and signed on its behalf by:



V M C Van Den Bergh - Minister Of Religion



Richard Lane - Accounting Officer

Mercia Primary Academy Trust

**Statement on Regularity, Propriety and Compliance
for the Period 25 October 2013 to 31 August 2014**

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Richard Lane - Accounting Officer

19 December 2014

**Statement of Trustees Responsibilities
for the Period 25 October 2013 to 31 August 2014**

The trustees (who act as governors of Mercia Primary Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

In so far as the trustees are aware:

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

ON BEHALF OF THE BOARD:



V M C Van Den Bergh - Minister Of Religion

19 December 2014

**Report of the Independent Auditors to the Members of
Mercia Primary Academy Trust**

We have audited the financial statements of Mercia Primary Academy Trust for the period ended 31 August 2014 on pages eleven to twenty five. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

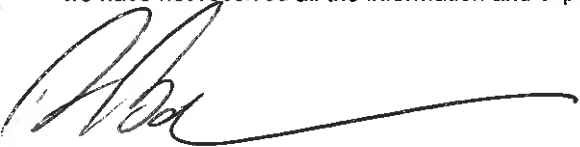
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Darren Barlow FCCA
Haines Watts Haines Watts
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

19 December 2014

**Independent Reporting Accountant's Assurance Report on Regularity to
Mercia Primary Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mercia Primary Academy Trust during the period 25 October 2013 to 31 August 2014 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 Mercia Primary Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Mercia Primary Academy Trust 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 Mercia Primary Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Mercia Primary Academy Trust's accounting officer and the reporting accountant
The accounting officer is responsible, under the requirements of Mercia Primary Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 25 October 2013 to 31 August 2014 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 2013 to 2014 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 matter that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 25 October 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Haines Watts
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

19 December 2014

Mercia Primary Academy Trust

**Statement of Financial Activities
for the Period 25 October 2013 to 31 August 2014**

	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	8,063	10,000	-	18,063
Voluntary income - Transfer from Local Authority on conversion	19	146,924	-	2,148,900	2,295,824
Activities for generating funds	3	6,305	1,584	-	7,889
Investment income	4	143	-	-	143
Incoming resources from charitable activities					
Academy's educational operations	5	-	991,286	-	991,286
Total incoming resources		161,435	1,002,870	2,148,900	3,313,205
RESOURCES EXPENDED					
Charitable activities					
Academy's educational operations	7	5,898	937,451	23,410	966,759
Governance costs	8	-	9,105	-	9,105
Total resources expended	6	5,898	946,556	23,410	975,864
NET INCOMING RESOURCES BEFORE TRANSFERS					
		155,537	56,314	2,125,490	2,337,341
Gross transfers between funds	16	319	(21,180)	20,861	-
Net incoming/(outgoing) resources before other recognised gains and losses		155,856	35,134	2,146,351	2,337,341
Other recognised gains/losses					
Actuarial gains/losses on defined benefit schemes		-	(584,000)	-	(584,000)
Net movement in funds		155,856	(548,866)	2,146,351	1,753,341
TOTAL FUNDS CARRIED FORWARD		155,856	(548,866)	2,146,351	1,753,341

All of the Mercia Primary Academy Trust's activities derive from acquisitions in the current period.

Mercia Primary Academy Trust

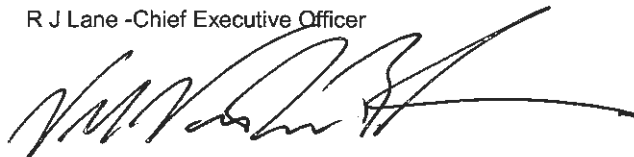
**Balance Sheet
At 31 August 2014**

	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £
FIXED ASSETS					
Tangible assets	12	-	-	2,146,351	2,146,351
CURRENT ASSETS					
Debtors	13	239	79,119	-	79,358
Cash at bank and in hand		<u>178,516</u>	<u>42,685</u>	<u>-</u>	<u>221,201</u>
		178,755	121,804	-	300,559
CREDITORS					
Amounts falling due within one year	14	(22,898)	(86,671)	-	(109,569)
NET CURRENT ASSETS					
		<u>155,857</u>	<u>35,133</u>	<u>-</u>	<u>190,990</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		155,857	35,133	2,146,351	2,337,341
PENSION LIABILITY					
	17	-	(584,000)	-	(584,000)
NET ASSETS					
		<u>155,857</u>	<u>(548,867)</u>	<u>2,146,351</u>	<u>1,753,341</u>
FUNDS					
Unrestricted funds	16				155,857
Restricted funds:					
General Annual Grant (GAG)					27,559
Other Government Grants					5,275
Restricted Fixed Asset Fund					2,146,351
Capital Grant					2,299
Pension scheme					<u>(584,000)</u>
					<u>1,597,484</u>
TOTAL FUNDS					
					<u>1,753,341</u>

The financial statements were approved by the Board of Trustees on 19 December 2014 and were signed on its behalf by:



R J Lane -Chief Executive Officer



V M C Van Den Bergh -Minister Of Religion

Mercia Primary Academy Trust

Cash Flow Statement
for the Period 25 October 2013 to 31 August 2014

	Notes	£
Net cash inflow from operating activities	1	94,995
Cash transferred on conversion to an academy	19	146,924
Returns on investments and servicing of finance	2	143
Capital expenditure and financial investment	2	(20,861)
		<hr/>
Increase in cash in the period		<u>221,201</u>

Reconciliation of net cash flow to movement in net debt	3	
Increase in cash in the period		<u>221,201</u>
Change in net debt resulting from cash flows		<u>221,201</u>
Movement in net debt in the period		221,201
Net debt at 25 October		<hr/>
Net debt at 31 August		<u>221,201</u>

All of the cash flows are derived from acquisitions in the current period.

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	£
Net incoming resources	2,337,341
Depreciation charges	23,410
Transfer from Local Authority on conversion	(2,295,824)
Interest received	(143)
Increase in debtors	(79,358)
Increase in creditors	<u>109,569</u>
Net cash inflow from operating activities	<u><u>94,995</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
Returns on investments and servicing of finance	
Interest received	<u>143</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>143</u></u>
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(20,861)
Net cash outflow for capital expenditure and financial investment	<u><u>(20,861)</u></u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 25.10.13 £	Cash flow £	At 31.8.14 £
Net cash:			
Cash at bank and in hand	<u> </u>	221,201	221,201
Total	<u><u> </u></u>	<u><u>221,201</u></u>	<u><u>221,201</u></u>

1. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency (EFA) and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and in accordance with applicable accounting standards the Companies Act 2006, the requirements of the Statement of Recommended Practice Accounting and Reporting by Charities and the Academies Accounts Directions issued by the EFA.

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 company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the Academy charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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.

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

Donations

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

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefits to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources, with central staff costs allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

These are costs incurred on the Academy's educational operations.

Governance costs

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Long leasehold assets have been valued in the period based upon information available.

Depreciation

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

Long leasehold buildings	50 years straight line
Plant and machinery	10 years straight line
Fixtures, fittings and equipment	5 years straight line
ICT equipment	3 years straight line

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. Impairment losses are recognised in the Statement of Financial Activities.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the EFA.

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

As described in note 17 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Conversion to an academy

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

The assets and liabilities transferred on conversion from Larkhall Infant and Flaxhill Junior Schools to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Mercia Primary Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted general funds and restricted fixed asset funds.

Fixed assets transferred have been incorporated in line with the fixed asset policies above and are reflected in total fixed assets (see note 12).

Pension scheme liabilities have been incorporated as per note 17. Both items are shown as exceptional items on the Statement of Financial Activities.

2. VOLUNTARY INCOME

Donations	£ <u>18,063</u>
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3. ACTIVITIES FOR GENERATING FUNDS

	£
Fundraising events	74
Shop income	64
Sponsorships	1,584
Hire of facilities	<u>6,167</u>
	<u>7,889</u>

4. INVESTMENT INCOME

	£
Deposit account interest	<u>143</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Total funds £
DfE/EFA revenue grant			
General Annual Grant(GAG)	-	848,053	848,053
Start Up Grants	-	22,789	22,789
Other EFA Grants	-	83,104	83,104
Capital Grant	<u>-</u>	<u>4,865</u>	<u>4,865</u>
	-	958,811	958,811
Other government grant			
Other Government Grants	<u>-</u>	<u>32,475</u>	<u>32,475</u>
	<u>-</u>	<u>991,286</u>	<u>991,286</u>

6. RESOURCES EXPENDED

	Staff costs £	Non-pay expenditure		Total £
		Premises £	Other costs £	
Charitable activities				
Academy's educational operations				
Direct costs	735,307	-	135,529	870,826
Allocated support costs	<u>-</u>	<u>86,291</u>	<u>9,642</u>	<u>95,933</u>
	735,307	86,291	145,161	966,759
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>9,105</u>	<u>9,105</u>
	<u>735,307</u>	<u>86,291</u>	<u>154,266</u>	<u>975,864</u>

Net resources are stated after charging/(crediting):

	£
Auditors' remuneration	7,698
Depreciation - owned assets	<u>23,410</u>

7. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Total funds £
Direct costs			
Teaching and educational support staff	950	734,357	735,307
Technology costs	-	17,561	17,561
Educational supplies	3,814	59,493	63,307
Staff development	1,134	3,144	4,278
Goods and services	<u>-</u>	<u>50,373</u>	<u>50,373</u>
	5,898	864,928	864,928
Allocated support costs			
Depreciation	-	23,410	23,410
Maintenance of premises and equipment	-	36,722	36,722
Rent and rates	-	2,346	2,346
Energy costs	-	16,774	16,774
Insurance	-	15,886	15,886
Security and transport	<u>-</u>	<u>795</u>	<u>795</u>
	<u>-</u>	<u>95,933</u>	<u>95,933</u>
	<u>5,898</u>	<u>960,861</u>	<u>966,759</u>

8. GOVERNANCE COSTS

Auditors' remuneration	£ 7,698
Governor support	1,407
	<u>9,105</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

The executive headreach and staff trustees only received remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees.

The value of trustees' remuneration was as follows:

R Lane (Executive Headteacher and trustee in the year)	£50-55,000
S E Boden	£40-45,000
M L Booth	£30-35,000
R K Hyland	£15,20,000
V Lawson	£15-20,000
J Meah	£30-35,000
M Pitt	£10-15,000

Trustees' expenses

There were no trustees' expenses paid for the period ended 31 August 2014.

10. STAFF COSTS

	£
Wages and salaries	487,103
Social security costs	33,448
Other pension costs	<u>72,285</u>
	592,836
Supply teacher costs	41,678
Compensation payments	(6,250)
Ancillary staff	<u>107,043</u>
	<u>735,307</u>

The average number of persons (including senior management team) employed by the charitable company during the period expressed as full time equivalents was as follows:

Teaching staff	29
Admin and other non teaching staff	<u>11</u>
	<u>40</u>

The number of employees whose annualised emoluments fell within the following bands was:

£70,001 - £80,000	<u>1</u>
-------------------	----------

This person took place in the Teacher's Pension Scheme; during the period contributions on their behalf amounted to £5,097.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5m on any one claim and the cost for the period ended 31 August 2014 was £360.

The cost of this insurance is included in the total insurance cost.

12. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
Transfer on conversion	2,120,000	6,000	10,900	12,000	2,148,900
Additions	<u>2,566</u>	-	<u>1,584</u>	<u>16,711</u>	<u>20,861</u>
At 31 August 2014	<u>2,122,566</u>	<u>6,000</u>	<u>12,484</u>	<u>28,711</u>	<u>2,169,761</u>
DEPRECIATION					
Charge for year	<u>14,563</u>	<u>400</u>	<u>1,558</u>	<u>6,889</u>	<u>23,410</u>
NET BOOK VALUE					
At 31 August 2014	<u>2,108,003</u>	<u>5,600</u>	<u>10,926</u>	<u>21,822</u>	<u>2,146,351</u>

Included in cost or valuation of long leasehold land and buildings is land valued at £370,000 which has not been depreciated.

The property transferred on conversion has been valued by Mouchel on the "value to the business" model. The valuers have calculated a depreciated replacement cost - they have considered the cost of repairing the property with a modern equivalent and then adjusted for deterioration and any relevant obsolescence and optimisation.

12. TANGIBLE FIXED ASSETS - continued

Land and buildings were valued as at 31 March 2014.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	239
Other debtors	308
VAT	38,396
Prepayments and accrued income	<u>40,415</u>
	<u>79,358</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	22,987
Social security and other taxes	35,729
Accruals and deferred income	<u>50,853</u>
	<u>109,569</u>

Deferred Income

	2014
	£
Resources deferred in the period	<u>31,544</u>
At 31 August 2014	<u>31,544</u>

Deferred income shown above is included within Other creditors in note 14. Deferred income for 2014 represents monies received with respect to the Academy activities taking place after 31 August 2014.

15. 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.

16. MOVEMENT IN FUNDS

	Net movement in funds £	Transfers between funds £	At 31.8.14 £
Unrestricted funds			
Unrestricted funds	155,538	319	155,857
Restricted funds			
General Annual Grant (GAG)	43,694	(16,135)	27,559
Other Government Grants	5,275	-	5,275
Private Sector Sponsorship	11,584	(11,584)	-
Governance	(9,105)	9,105	-
Restricted Fixed Asset Fund	2,125,490	20,861	2,146,351
Capital Grant	4,865	(2,566)	2,299
Pension scheme	(584,000)	-	(584,000)
	<u>1,597,803</u>	<u>(319)</u>	<u>1,597,484</u>
TOTAL FUNDS	<u>1,753,341</u>	<u>-</u>	<u>1,753,341</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted funds	161,435	(5,897)	-	155,538
Restricted funds				
General Annual Grant (GAG)	848,053	(804,359)	-	43,694
Other EFA grants	105,893	(105,893)	-	-
Other Government Grants	32,475	(27,200)	-	5,275
Private Sector Sponsorship	11,584	-	-	11,584
Restricted Fixed Asset Fund	2,148,900	(23,410)	-	2,125,490
Capital Grant	4,865	-	-	4,865
Governance	-	(9,105)	-	(9,105)
Pension scheme	-	-	(584,000)	(584,000)
	<u>3,151,770</u>	<u>(969,967)</u>	<u>(584,000)</u>	<u>1,597,803</u>
TOTAL FUNDS	<u>3,313,205</u>	<u>(975,864)</u>	<u>(584,000)</u>	<u>1,753,341</u>

17. PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent actuaries. The latest actuarial valuation of the TPS and LGPS was 31 August 2014.

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

Upon conversion to Academy status Mercia Primary Academy Trust inherited a pension scheme liability of £452,000 relating to the LGPS.

17. PENSION AND SIMILAR OBLIGATIONS - continued

Teachers' pension scheme

The school participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme it is not possible to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates.

Valuation of the Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2013 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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

The pension charge for the year includes contributions payable to the TPS of £53,160. At the year end £nil was accrued in respect of contributions payable to this scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £45,000, of which employer's contributions totalled £33,000 and employees' contributions totalled £12,000. The agreed contribution rates for future years are 19 per cent for employers.

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.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans £
Fair value of plan assets	<u>382,000</u>
Defined benefit obligation	<u>(966,000)</u>
Net liability	<u>(584,000)</u>

17. PENSION AND SIMILAR OBLIGATIONS - continued

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

	Defined benefit pension plans £
Current service cost	44,000
Interest cost	24,000
Expected return	<u>(14,000)</u>
	<u>54,000</u>
Actual return on plan assets	<u>24,000</u>

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

	Defined benefit pension plans £
Defined benefit obligation transferred	(765,000)
Current service cost	(44,000)
Contributions by scheme participants	(11,000)
Interest cost	(24,000)
Actuarial losses/(gains)	<u>(122,000)</u>
	<u>(966,000)</u>

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

	Defined benefit pension plans £
Fair value of scheme assets transferred	313,000
Contributions by scheme participants	45,000
Expected return	14,000
Actuarial gains/(losses)	<u>10,000</u>
	<u>382,000</u>

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

	Defined benefit pension plans £
Equities	290,000
Bonds	50,000
Property	31,000
Cash	<u>11,000</u>
	<u>382,000</u>

17. PENSION AND SIMILAR OBLIGATIONS - continued

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

Discount rate	3.7%
Expected return on scheme assets	5.6%
Future salary increases	4.4%
Future pension increases	2.6%

Mortality rates	Male	Female
Current pensioners	22.1 years	24.3 years
Future pensioners	24.3 years	26.6 years

Amounts for the current period are as follows:

	£
Defined benefit pension plans	
Defined benefit obligation	(966,000)
Fair value of scheme assets	382,000
Deficit	(584,000)

Employers contributions for the period to 31 August 2015 are expected to be approximately £54,000.

18. RELATED PARTY DISCLOSURES

During the period there were no material transactions with related parties as defined by FRS8.

19. CONVERSION TO AN ACADEMY

On 1 January 2014 Lark Hall Infant and Nursery School and Flax Hill Junior School converted to academy trust status under the Academies Act 2010 and all operations and assets and liabilities were transferred to Mercia Primary Academy Trust from the Staffordshire Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as exceptional items.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £	As restated Restricted funds	
		General £	Fixed Asset £
Long leasehold land and buildings			2,120,000
Cash	146,924		
Other assets			12,900
LGPS deficit		(452,000)	

