

Company Registration No. 07956473 (England and Wales)

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019



THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

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THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr M G H Bobat
Mr H Mahomed
Mr A Patel

Governors

Mr AA Chohan (Chair)
Mrs F Choudry (Principal & Accounting Officer) (Resigned 27 March 2019)
Mr I I Bhika
Mrs T Patel (Vice Chair)
Mr S Gangat (Parent) (Resigned 19 November 2018)
Mr Y Patel (Resigned 15 July 2019)
Mr I Kala (Appointed 11 March 2019)
Mr C D Mole
Ms L McCaffrey (Appointed 11 March 2019)
Ms Z Rahman (Appointed 8 March 2019)
Mr M Sardar (Parent) (Appointed 8 March 2019)
Mr A D Peet (Resigned 29 September 2019)

Senior management team

- Headteacher	Mrs F Choudry (Resigned 31/03/2019)
- Principal	Mr H Asghar (Appointed 23/04/2019)
- Deputy Principal	Miss Z Patel
- School Business Manager	Mr A R Musa
- Assistant Principal	Miss I Iqbal (Resigned 31/08/2019)
- Assistant Principal (Acting)	Miss M Patel
- Assistant Principal (Acting)	Mr R Coley

Company registration number

07956473 (England and Wales)

Registered office

Adelaide Street
Bolton
BL3 3NY

Independent auditor

MHA Moore and Smalley
Richard House
9 Winckley Square
Preston
PR1 3HP

Bankers

Lloyds Bank Plc
9 Hotel Street
Bolton
BL1 1DB

Solicitors

Hill Dickinson LLP
No. 1 St. Paul's Square
Liverpool
L3 9SJ

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the audited financial statements of the School for the year ended 31 August 2019. The Olive Tree Primary School officially opened on 12 September 2013, these accounts represent the fifth full year of trading.

The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The school operates an academy for pupils aged 4 to 11 serving a catchment area in Daubhill, Bolton. It has a pupil capacity of 420 and had a roll of 410 in the school census on 4 October 2018.

The principal object and activity of the Charitable Company is the operation of a free school to provide education for pupils of mixed abilities between the ages of 4 and 11 serving a catchment area in Daubhill, Bolton. In accordance with the articles of association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the School, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

Structure, governance and management

Constitution

The Free School ("School") is a company limited by guarantee and an exempt charity and was incorporated on 20 February 2012. The Charitable Company's memorandum and articles of association are the primary governing documents of the School. This is alongside the Funding Agreement.

This Report and the Accounts reflect the activities of the School during the year and the Trustees, as listed on page 1, had responsibility for governance during the year. The Trustees act as the trustees for the charitable activities of the School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as 'The Olive Tree Primary School Bolton Limited' and is also referred to in the accounts as 'The Olive Tree Primary School'.

During The year a subsidiary trading company known as 'The Olive Tree Bolton Limited' created for the purposes of generating revenue for the parent company known as "The Olive Tree Primary School Bolton Limited' under company law. The newly formed subsidiary has not engaged in any trading activity since creation in the previous during the financial year.

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 £1, for the debts and liabilities contracted before they ceased to be a member.

Governors' indemnities

The School has opted into the ESFA Risk Protection Arrangement (RPA) to protect Governors and Officers from claims arising in connection with School business. The RPA provides cover of up to £5m on any one claim and has been in place from 1 September 2014.

Method of recruitment and appointment or election of governors

The Governors are appointed by the following:

- Trustees elected by parents
- Trustees elected by Trustees/Members

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Policies and procedures adopted for the induction and training of governors

All Trustees are provided with copies of the DfE Handbook for Trustees, the Academies Financial Handbook, the competency framework for governance, and 'Conflicts of Interest: A guide for charity trustees (CC29)' on appointment. Induction training is done both in-house using the skills set of the Board of Trustees and in partnership with external partners approved by the DfE. Additional training is available through Bolton Council Governor Services or any other accredited organisation as identified through the skills audit and in line with the training development plan.

The Olive Tree Primary School's intention is to develop in an intelligent and principled way – acting on the basis of good evidence and sound judgement.

Effective Governance is critical to the success of the School. It is reliant upon a strong professional working relationship between Trustees and the Principal where both parties know and understand both the extent and limits of their respective roles, responsibilities and accountabilities. In essence the Board of Trustees is responsible for:

- Establishing the vision and ethos of the School
- Setting the strategic direction of the School
- Promoting high standards and children's well-being
- Approving the budget and so as to achieve value for money
- Approving the staffing structure
- Ensuring the quality of provision
- Managing resources
- Assessing and managing risks
- Ensure sound management and administration

Organisational structure

With effect from 1 September 2013, the Board of Trustees has governed the School. The organisational structure of the School now consists of 3 levels: the Members, the Board of Trustees and the Principal.

The School has a policy on the 'Procedures for Budgetary Control' and a Financial Procedures Manual, which details the levels of responsibility for the setting of the School's annual budget and its subsequent management and monitoring.

The Board of Trustees is responsible for setting general policies, adopting a school improvement plan, approving the annual budget, monitoring the School's performance, making major policy decisions, appointing senior staff.

During the year the Senior Leadership Team comprised the following:

- Principal – F Choudry (Resigned 31/03/2019)
- Principal – H Asghar (Appointed 23/04/2019)
- Deputy Principal - Z Patel
- School Business Manager – A Musa
- Assistant Headteacher- I Iqbal – resigned 31/08/19
- Assistant Headteacher – M Patel
- Assistant Headteacher – R Coley

Arrangements for setting pay and remuneration of key management personnel

The governing body monitors and manages the performance of the Headteacher on an annual basis. The task of appraising the Headteacher, including the setting of objectives, is supported by an external education consultant. Before the start of each appraisal period, the Governing Body informs the Headteacher of the standards against which the Headteacher's performance in that appraisal period will be assessed and sets objectives for the Headteacher for that appraisal period. The same process is followed for other key personnel, however the appraisal is completed by the Headteacher.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Related parties and other connected charities and organisations

The subsidiary trading company known as 'The Olive Tree Bolton Limited' was created for the purposes of generating revenue for the parent company known as "The Olive Tree Primary School Bolton Limited' under company law. The subsidiary has not engaged in any trading activity since it's incorporation in the previous financial year.

Objectives and activities

Objects and aims

The Olive Tree Primary School is Bolton's first Free School. The school opened in September 2013, and continues to be highly popular with parents with a waiting list being maintained by Bolton Council. We provide all pupils in our care with an outstanding education and promote excellence in all aspects of school life as confirmed by Ofsted in July 2015. A section 48 Ofsted Inspection in April 2017 also confirmed that the school is outstanding in all areas. This was reaffirmed by an in year independent external inspection. We endeavour to ensure that all pupils in our care develop into confident individuals, responsible citizens and successful learners. School leadership, teachers, support staff, together with parents, ensure:

- Respect For Excellence - High expectations, aspirations and a spirit of excellence.
- Personalised Learning and Success - An understanding that every individual is unique and special, the school nurtures, supports and develops individuals using the latest in technology to achieve and succeed.

Objectives, strategies and activities

The aim and vision of the board is to support the school's 'Believe You Can' mission statement, always acting in the best interest of the children, providing appropriate support and challenge. It is the intention of the board to develop the use of leading technologies in teaching and learning, growing the organisation and becoming a global leader in education.

The school has an Islamic religious character inspired by the origins of the Muslim faith. Through the values of Islam, we develop the core universal principles of equality, fairness, peace, compassion, trust and respect for all people through the school ethos, and a belief that we are all part of, and are contributing to, something far greater than ourselves. Our values complement the promotion of the fundamental British values of democracy, the rule of law, individual liberty, mutual respect and tolerance of those with different faiths and beliefs. These values are evident in the behaviour and relationships between all pupils, staff and wider stakeholders in the school.

The school promotes mutual respect between pupils, building self-confidence in each child and creating an atmosphere of collaborative learning and a reflective community with strong values underpinned by the teachings of the Islamic faith.

Striving for the highest possible standards of attainment sits comfortably alongside this ethos of mutual support and understanding. Relationships are characterised by self-confidence and mutual respect.

Public benefit

The governors are aware of the Charity Commission guidance on providing public benefit and have had due regard to this in exercising their duties during the year. The School is fully committed to being a community hub and engages with the diverse community around the School to continuously develop year on year.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

The School objectives have been set as:

Achievements

- Early Years & Foundation Stage (EYFS) – to make good levels of progress in line with or above National Data
- Year 1 pupils to attain above national pass rate in the phonics screening test• All other pupils to make good or better levels of progress and attainment in relation to their age related expectations.

Teaching

- Monitor the quality of Teaching so that a great proportion is good or better
- To ensure assessment strategies and systems are effective and conclusive to achieving pupil progress.
- To embed strategies aligned closely to pupils' needs that assist pupils to gauge their own level of progress and attainment.

Leadership

- To continually develop and reinforce policies and protocols to advance operational protocols incorporating a new school, growing staff and pupil community
- To expand the school leadership structure to include senior and middle leaders.
- Refine the role of the governing body as the school continues to grow.

Behaviour & Safety

- To extend all aspects of pupil safety, establish and embed Safety arrangements, procedures in line with Safeguarding requirements.

Key performance indicators

The following table shows the performance of pupils during the last academic year:

Description	National Level	Local Level	Achieved by the school
	%	%	%
Early Years, Foundation Stage Good Level of Progress	72	68	75
Phonics	82	81	87
Qualified Teachers	-	-	100
KS1 SATs:			
Reading Level Expected+	75	72	73
Writing Level Expected+	69	68	73
Maths Level Expected+	76	74	80
KS2 SATs:			
Reading Level Expected+	73	-	54
Writing Level Expected+	78	-	81
Maths Level Expected+	79	-	61

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the school has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

The school's total incoming resources during the year were £2,024,712 (2018: £1,825,116). The majority of the school's income derives from central government funding via the Education & Skills Funding Agency, in the form of current grants. Total funding received for the school's educational operations in the period was £1,982,072 (2018: £1,792,231). Capital grants of £20,648 (2018: £7,364) were received in the year.

Total outgoing resources for the year were £2,122,548 (2018: £1,920,502). The excess of expenditure over income was £97,836 (2018: deficit of £95,386).

At the year end the School's total reserves were £3,770,885 (2018: £3,952,721) of which £nil (2018: £nil) was unrestricted, £862,120 (2018: £863,126) was general restricted and £2,908,765 (2018: £3,089,595) represented restricted fixed asset funds. The general restricted funds are stated net of the Local Government Pension Scheme deficit of £172,000 (2018: £59,000). The school does not have an obligation to settle this liability immediately and there are no indications that it will crystallise in the foreseeable future. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of the Trust closing, outstanding local government pension scheme liabilities would be met by the Department for Education.

At the year end all assets shown in the accounts are to be used exclusively for providing education and associated support services to pupils of the School.

Reserves policy

The Trust has assessed that a minimum level of free reserves equal to £192,878.00 (12% of GAG) are required.

Reserves are required to-

- Ensure sustainability of the school in the event of reductions in funding, reductions in pupil numbers or unexpected increases in expenditure.
- Fund capital projects and the replacement of equipment
- Enable the Trust to respond to opportunities and implement the longer term strategic plan.

Reserves held as at 31 August 2019 were as follows:

	£
Total reserves	3,770,885
Add back pension reserve	172,000
Less reserves attributable to fixed assets	<u>(2,908,765)</u>
Unrestricted and general restricted funds	1,034,120
Less other restricted funds	<u>(1,034,120)</u>
Free reserves	<u>-</u>

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Reserves policy (continued)

In order to bring the reserves in line with the reserves policy, the Trustees, in response to the Financial Notice to Improve are seeking to commission an independent review into school resource management to ensure allocated funding is used for the full benefit of current pupils as per Department for Education expectation and inform future strategic decision making.

The Trust reviews the level of reserves throughout the year as part of management reporting.

Investment policy

The School has a limited investment policy that ensures funds are cleared from the current account to an interest account daily. Due to the low levels of interest this is not a high priority, however the school does review on a regular basis how it will maximise the benefit of any excess funds.

Principal risks and uncertainties

The Board of Governors is reviewing on an on-going basis the risk regarding pupil numbers, staff structures and capital project management. Two Responsible Officer Audits were undertaken during the year and no areas of concern were identified.

The internal financial systems are based on the Academies Financial Handbook and are documented in The Financial Policy & Procedures Manual. The systems are based on a framework of segregation of duties, schemes of delegation that include authorisation and approval. Financial management information is relevant, timely and accurate and seeks to minimise risks by consistently applying current circumstances to future years attempting to forecast ahead.

Full details can be found in The Financial Policy & Procedures Manual.

Financial and risk management objectives and policies

In the year ended 31 August 2018, the objective was to ensure continued financial control and management of the outstanding capital projects.

Fundraising

The Olive Tree Primary School fundraising activity has been limited to raising of funds via cake sales by pupils and a summer fair supported by staff and volunteers.

Plans for future periods

The school has a yearly development plan that sets the strategic direction and focus of The Olive Tree Primary School. This is reviewed and rolled forward annually as part of the monitoring and evaluation cycle.

The Development Plan has priority areas including:

- Priority 1: Continue to focus on developing pupils' language skills, including a wide vocabulary, across the curriculum.
- Priority 2: Embed fully the school's recent initiatives to promote the further development of reading skills.
- Priority 3: Implement plans to develop middle leadership, including subject leadership.
- Priority 4: Increase further the contribution of governors in driving school improvement.
- Priority 5: Develop provision for the Early Years so that children gain maximum benefit from the available resources and learning opportunities presented.

In addition, the school is committed to enhancing teaching & learning through:

- Continued determination on the use of effective technology, and
- Developing the Apple Regional Training centre, providing CPD solutions to other organisations.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Auditor

In so far as the governors are aware:

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

A resolution proposing that MHA Moore and Smalley be reappointed as auditor of the charitable company will be put to the members.

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on ...16.12.19... and signed on its behalf by:



Mr A A Chohan
Chair

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

The board of governors acknowledges it has overall responsibility for ensuring that The Olive Tree Primary School Bolton Limited 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 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 The Olive Tree Primary School Bolton Limited and the Secretary of State for Education. The principal is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report. The board of governors has formally met 6 times during the year for one 'special meeting' and five full governing body meetings. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
Mr A A Chohan (Chair)	6	6
Mrs F Choudry (Principal & Accounting Officer) (Resigned 27 March 2019)	0	4
Mr I I Bhika	6	6
Mrs T Patel (Vice Chair)	5	6
Mr S Gangat (Parent) (Resigned 19 November 2018)	1	2
Mr Y Patel (Resigned 15 July 2019)	5	6
Mr I Kala (Appointed 11 March 2019)	1	3
Mr C D Mole	4	6
Ms L McCaffrey (Appointed 11 March 2019)	1	3
Ms Z Rahman (Appointed 8 March 2019)	3	3
Mr M Sardar (Parent) (Appointed 8 March 2019)	3	3
Mr A D Peet (Resigned 29 September 2019)	5	6

During the year the Trustees performed a self-evaluation of skills sets to ensure they had sufficient spread of skills to meet the needs of running a Free School. A further evaluation will be taken during each new financial year to ensure the skills sets are appropriate and match the needs of the school. The output from this review will be used to update the trustee training program.

The Board of Trustees is responsible for all strategic decision making and ensuring sound management of the academy finances and resources, including proper planning, monitoring and probity. During the year the Board of Trustees decided to form sub-committees to enable greater scrutiny of school operations. The finance sub-committee incorporated the responsibilities of the audit committee. Decision making was informed by the termly headteacher report, monthly management accounts, risk register, responsible officer reports, and school performance data.

During the year a trustee left the board at the end of their term, two trustees resigned including the former Accounting Officer/Headteacher and four new trustees were appointed to the board which included two trustees appointed by parents.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

A concern around the operational management of the school led the Board of Trustees to initiate an independent review by Freeths LLP.

A separate review by Hill Dickinson LLP to determine the effectiveness of the Board of Trustees was also initiated. As a result, the Trust has adopted the latest model Articles of Association and enhanced the composition of the Board of Trustees. The trustees were also made aware of the need to review annually the school admissions & exclusions policy.

A review by the ESFA Provider Market Oversight Group in response to allegations about conflict of interests and potential breaches of governance frameworks identified:

- inadequate segregation of duty, particularly around key financial controls.
- trust failure to adhere to its own policy on contracting by not following a formal process in the procurement of a school meals catering provider.
- the trust did not have robust policies and procedures covering conflicts of interest, in particular covering additional business areas and the trust board, chair and former Accounting Officer/ headteacher had failed in their duties to ensure correct management of conflicts.

The trust was issued with a formal Financial Notice to Improve on 5th November 2019. A copy of the Financial Notice to Improve can be viewed at http://www.theolivetreeprimary.com/uploads/1/0/8/8/108826809the_olive_tree_primary_school_bolton_ltd_mpettifer_05112019.pdf

In response to the Financial Notice to Improve, the Board of Trustees has now appointed an independent firm of accountants to carry out internal audit as part of the trust internal scrutiny programme. A conflict of interest policy has been adopted, a governance review by a National Leader of Governance has been commissioned, an advert has been placed with Academy Ambassadors to recruit two additional trustees with HR & Finance expertise, and an action plan has been submitted to the ESFA to address the weaknesses identified by the ESFA Provider Market Oversight Group.

Review of value for money

As accounting officer the Headteacher has responsibility for ensuring that the school 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 school's use of its resources has provided good value for money during each academic year, and reports to the board of governors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the school has delivered improved value for money during the year by:

- Membership of the Education & Skills Funding Agency (ESFA) Risk Protection Arrangement (RPA) continues to deliver substantial cost savings on insurance(s)
- Renegotiating a bespoke fixed rate for both gas and electricity supply versus the standard variable rate, delivered a combined cash saving in excess of £6,000 on energy costs.
- A robust cycle of review and evaluation of all annual Service Level Agreements continues to ensure value for money.

The school undertakes an annual benchmarking exercise to compare itself against schools of a similar size and pupil intake. The exercise demonstrated that the school's income and expenditure was similar to that in the sample size.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 school 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 The Olive Tree Primary School Bolton Limited for the period 1 September 2018 to 31 August 2019 and has been further developed up to the date of approval of the annual report and accounts.

Capacity to handle risk

Since its appointment, the board of governors has reviewed the key risks to which the school is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is now a formal ongoing process for identifying, evaluating and managing the school's significant risks. The board of governors will regularly review this process.

The Trust has a Risk Register that is updated on a regular basis and presented to the Governors. The main areas of Risk identified are :-

GDPR – The Trust has had to enhance its understanding of the new legislation and adapt policies accordingly for the new legislation that came into force during the latter half of the financial year.

Pupil Numbers - this risk continues to be downscaled year on year as the number of pupils on roll (NOR) are in line with the published admission number (PAN). A waiting list is maintained by the Local Authority (LA) of pupils wishing to attend the school.

Premises - this risk was downscaled further at the end of the previous financial year as the building work identified in the previous financial years was complete. The Land & Buildings survey commissioned by the ESFA, completed by Capita has highlighted no major concerns. The Trust is committed to preventative maintenance to ensure longevity of the land & buildings.

Standards and Attainment - the school has an independent annual review to independently check that the schools performance remains outstanding and any weaknesses areas identified and then action taken to rectify.

Increasing cost of Salaries and Pensions - the Trust is aware that the current economic climate continues to see school income fall in real terms whilst costs continue to rise. The school constantly reviews its operating structures and staffing numbers to ensure they match pupil numbers, curriculum needs, pupil needs and available income. The Trust wish to ensure that it has sufficient reserves to weather the uncertainties of the next few years.

A strong financial reserves position allows the school to update its ICT infrastructure and other capital assets.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The risk and control framework

The school'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 governors;
- regular reviews by the resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of governors fulfils its responsibilities to have regular reviews of its financial processes and procedures undertaken. Aided by independent reports from the 'Responsible Officer' and an annual independent Audit.

The 'Responsible Officer' is a qualified accountant and undertakes two formal reviews of the processes and procedures to validate:

- that the necessary processes and procedures exist
- the processes and procedures are adhered to
- the School conforms to the Academy Financial Handbook
- that the School is achieving value for money and follows the seven principles of public life
- that there is openness and transparency
- that fraud prevention is in place
- the School benchmarks itself against other educational establishments

The 'Responsible Officer' specifically reviews:

- purchasing
- income/sales
- payroll
- management information
- general ledger
- systems and control
- banking

As a consequence of a financial investigation undertaken by the ESFA and the issue of a Financial Notice to Improve the Responsible office did a third audit in October. The audit concentrated on the recommendations of the ESFA Investigation and FTI. The main areas of concern related to:-

- Segregation of duties
- Conflict of Interest and Financial Governance
- Failure to adhere to tendering and other ESFA Financial Handbook requirements.
- Failure to observe the restriction on overseas expenditure shown in the Articles.

It was too early to confirm that the recommendations of the ESFA had been fully implemented and the issues raised had been addressed. The Trust has commissioned a number of external experts to help identify and implement actions to eliminate the concerns of the ESFA. The Trustees and Members have met to consider the ESFA Investigation Report and RO Audit and now have an action plan.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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:

- Reports from the School Business Manager
- The Financial Procedures & Policy Manual
- Reports from the Responsible Officer
- The external audit
- Financial Management and Governance Self Evaluation
- Benchmarking Report

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the resources committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on ...16.12.19..... and signed on its behalf by:



Mr A A Chohan
Chair

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of The Olive Tree Primary School Bolton Limited I have considered my responsibility to notify the school board of governors and the Education & Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the school 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 2018.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees following a review by the ESFA:

- Failure of trustees to manage related party transactions and significant conflicts within its own trustees, including a lack of challenge and scrutiny over the interests of the chair
- Failure of trustees to evidence that related party transactions have complied with the "at cost" policy as stated in the Financial Handbook and failure to report all related party transactions after 1 April 2019 to the ESFA
- Failure of trustees to ensure adequate oversight of key additional business areas through lack of policies and procedures and robust monitoring
- Governance concerns resulting in breaches of the Academies Financial Handbook in relation to awareness of governance frameworks, lack of adherence to policies and procedures including procurement and internal control weaknesses
- Failure to adhere to its own policy on contracting by not following a formal process in the procurement of a school meals catering provider.

As detailed on pages 9 and 10, following a review by the ESFA Provider Market Oversight Group, the trust was issued with a formal Financial Notice to Improve which can be viewed at:

http://www.theolivetreeprimary.com/uploads/1/0/8/8/108826809the_olive_tree_primary_school_bolton_ltd_mpettifer_05112019.pdf

In response to this, the board of trustees has now appointed an independent accountant to carry out internal audit as part of the trust internal scrutiny programme. A conflict of interest policy has been adopted, a governance review by a National Leader of Governance has been commissioned, an advert has been placed with Academy Ambassadors to recruit two additional trustees with HR and Finance expertise and a detailed action plan has been submitted to the ESFA to address the weaknesses identified by the ESFA Provider Market Oversight Group.

I confirm that no further 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 governors and ESFA.

Mr H Asghar
Accounting Officer



THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The governors (who act as trustees for The Olive Tree Primary School Bolton Limited and are also the directors of The Olive Tree Primary School Bolton Limited for the purposes of company law) are responsible for preparing the governors' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare accounts for each financial year. Under company law, the governors must not approve the accounts 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 accounts, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from ESFA/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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of governors on 16.12.19 and signed on its behalf by:



Mr A A Chohan
Chair

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of The Olive Tree Primary School Bolton Limited for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the school in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the governors have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the school's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The governors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the governors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the governors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the school and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which 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 accounts 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.

Responsibilities of governors

As explained more fully in the statement of governors' responsibilities, the governors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the governors are responsible for assessing the school's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tracey Johnson (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

18 December 2019

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 11 December 2013 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Olive Tree Primary School Bolton Limited during the period 1 September 2018 to 31 August 2019 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 The Olive Tree Primary School Bolton Limited and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Olive Tree Primary School Bolton Limited and ESFA 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 The Olive Tree Primary School Bolton Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Olive Tree Primary School Bolton Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Olive Tree Primary School Bolton Limited's funding agreement with the Secretary of State for Education dated 14 September 2012 and 13 August 2013 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. 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 school's income and expenditure.

We have undertaken testing as appropriate in line with the guidance included in Technical release 08/12AAF from the Institute of Chartered Accountants in England and Wales.

The work undertaken to draw our conclusion includes an evaluation of the control environment of the Academy together with enquiry, analytical review and substantive testing of transactions.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

As stated in the Statement of Regularity, Propriety and Compliance, the following instances of non compliance to date have been notified to the board of trustees and the ESFA.

- Failure of trustees to manage related party transactions and significant conflicts within its own trustees, including a lack of challenge and scrutiny over the interests of the chair
- Failure of trustees to evidence that related party transactions have complied with the "at cost" policy as stated in the Financial Handbook and failure to report all related party transactions after 1 April 2019 to the ESFA
- Failure of trustees to ensure adequate oversight of key additional business areas through lack of policies and procedures and robust monitoring
- Governance concerns resulting in breaches of the Academies Financial Handbook in relation to awareness of governance frameworks, lack of adherence to policies and procedures including procurement and internal control weaknesses
- Failure to adhere to its own policy on contracting by not following a formal process in the procurement of a school meals catering provider.

As detailed on pages 9 and 10, following a review by the ESFA Provider Market Oversight Group, the trust was issued with a formal Financial Notice to Improve which can be viewed at:

http://www.theolivetreeprimary.com/uploads/1/0/8/8/108826809the_olive_tree_primary_school_bolton_ltd_mpettifer_05112019.pdf

In response to this, the board of trustees has now appointed an independent accountant to carry out internal audit as part of the trust internal scrutiny programme. A conflict of interest policy has been adopted, a governance review by a National Leader of Governance has been commissioned, an advert has been placed with Academy Ambassadors to recruit two additional trustees with HR and Finance expertise and a detailed action plan has been submitted to the ESFA to address the weaknesses identified by the ESFA Provider Market Oversight Group.

MHA Moore & Smalley

Reporting Accountant
MHA Moore and Smalley

Richard House
9 Winckley Square
Preston
PR1 3HP

18 December 2019

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	18,665	-	20,648	39,313	20,420
Charitable activities:						
- Funding for educational operations	4	30,059	1,952,013	-	1,982,072	1,792,231
Other trading activities	5	2,762	-	-	2,762	12,416
Investments	6	565	-	-	565	49
Total income and endowments		<u>52,051</u>	<u>1,952,013</u>	<u>20,648</u>	<u>2,024,712</u>	<u>1,825,116</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	52,051	1,820,614	249,883	2,122,548	1,920,502
Total expenditure	7	<u>52,051</u>	<u>1,820,614</u>	<u>249,883</u>	<u>2,122,548</u>	<u>1,920,502</u>
Net income/(expenditure)		-	131,399	(229,235)	(97,836)	(95,386)
Transfers between funds		-	(48,405)	48,405	-	-
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(84,000)	-	(84,000)	38,000
Net movement in funds		-	(1,006)	(180,830)	(181,836)	(57,386)
Reconciliation of funds						
Total funds brought forward		-	863,126	3,089,595	3,952,721	4,010,107
Total funds carried forward	17	<u>-</u>	<u>862,120</u>	<u>2,908,765</u>	<u>3,770,885</u>	<u>3,952,721</u>

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	12		5,978		35,398
Tangible assets	13		2,887,207		3,038,617
			<u>2,893,185</u>		<u>3,074,015</u>
Current assets					
Debtors	14	86,583		79,040	
Cash at bank and in hand		1,203,102		1,082,510	
			<u>1,289,685</u>	<u>1,161,550</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(239,985)		(223,844)	
Net current assets			<u>1,049,700</u>		<u>937,706</u>
Net assets excluding pension liability			<u>3,942,885</u>		<u>4,011,721</u>
Defined benefit pension scheme liability	19		(172,000)		(59,000)
Total net assets			<u><u>3,770,885</u></u>		<u><u>3,952,721</u></u>
Funds of the school:					
Restricted funds	17				
- Fixed asset funds			2,908,765		3,089,595
- Restricted income funds			1,034,120		922,126
- Pension reserve			(172,000)		(59,000)
Total restricted funds			<u>3,770,885</u>		<u>3,952,721</u>
Unrestricted income funds	17		-		-
Total funds			<u><u>3,770,885</u></u>		<u><u>3,952,721</u></u>

The accounts on pages 21 to 43 were approved by the governors and authorised for issue on 16.12.19 and are signed on their behalf by:



Mr A A Chohan
Chair

Company Number 07956473

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by operating activities	20		168,433		364,354
Cash flows from investing activities					
Dividends, interest and rents from investments		565		49	
Capital grants from DfE Group		20,648		7,364	
Purchase of intangible fixed assets		(1,733)		(11,923)	
Purchase of tangible fixed assets		(67,321)		(103,002)	
Net cash used in investing activities			(47,841)		(107,512)
Net increase in cash and cash equivalents in the reporting period			120,592		256,842
Cash and cash equivalents at beginning of the year			1,082,510		825,668
Cash and cash equivalents at end of the year			1,203,102		1,082,510

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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

The accounts of the school, 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Olive Tree Primary School Bolton Limited meets the definition of a public benefit entity under FRS 102.

1.2 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 charitable company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the school has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the school's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the school which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the school's accounting policies.

1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 3 years

1.6 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 school's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Short leasehold buildings	25 years from 1 September 2016
Computer equipment	3 years
Fixtures, fittings & equipment	5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

1.7 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the school 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.

1.8 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.9 Financial instruments

The school only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the school and their measurement basis are as follows.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Taxation

The school 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 school 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 Pensions benefits

Retirement benefits to employees of the school 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 school.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.12 Fund accounting

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

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency or other funders 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 Education Funding Agency and other funders.

2 Critical accounting estimates and areas of judgement

Accounting 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 school 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.

Useful economic life of tangible fixed assets

The useful economic life of tangible fixed assets is judged at the point of purchase.

A useful economic life of 25 years was applied to the long leasehold building which the School occupy, 3 years for computer equipment and 5 years for fixtures, fittings and equipment.

Impairment of fixed assets

At each balance sheet date, management undertake an assessment of the carrying value of tangible fixed assets to determine whether there is any indication that the value has been impaired. Where necessary, an impairment is recorded as an impairment loss.

Valuation of the Local Government Pension Scheme defined benefit liability

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

Critical areas of judgement

Classification of finance and operating leases

At the inception of each lease, management undertake an assessment of the terms of the lease including the payments to be made over the life of the lease, the fair value of the asset subject to the lease, the length of the lease and whether the terms of the lease transfer substantially all of the risks and rewards of ownership.

Based on this assessment, management will determine whether the lease should be classified as a finance or operating lease.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	20,648	20,648	7,364
Other donations	18,665	-	18,665	13,056
	<u>18,665</u>	<u>20,648</u>	<u>39,313</u>	<u>20,420</u>

The income from donations and capital grants was £39,313 (2018: £20,420) of which £18,665 was unrestricted (2018: £13,056) and £20,648 was restricted fixed assets (2018: £7,364).

4 Funding for the school's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,592,409	1,592,409	1,398,956
Other DfE / ESFA grants	-	304,654	304,654	324,178
	<u>-</u>	<u>1,897,063</u>	<u>1,897,063</u>	<u>1,723,134</u>
Other government grants				
Local authority grants	-	54,950	54,950	31,326
	<u>-</u>	<u>54,950</u>	<u>54,950</u>	<u>31,326</u>
Other funds				
Other incoming resources	30,059	-	30,059	37,771
	<u>30,059</u>	<u>-</u>	<u>30,059</u>	<u>37,771</u>
Total funding	<u>30,059</u>	<u>1,952,013</u>	<u>1,982,072</u>	<u>1,792,231</u>

The income from funding for educational operations was £1,982,072 (2018: £1,792,231) of which £30,059 was unrestricted (2018: £37,771) and £1,952,013 was restricted (2018: £1,754,460).

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Other income	2,762	-	2,762	12,416
	<u>2,762</u>	<u>-</u>	<u>2,762</u>	<u>12,416</u>

The income from other trading activities was £2,762 (2018: £12,416) of which £2,762 was unrestricted (2018: £12,416).

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	565	-	565	49

The income from funding for investment income was £565 (2018: £49) of which £565 was unrestricted (2018: £49).

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	1,230,256	66,604	123,312	1,420,172	1,121,163
- Allocated support costs	163,967	354,170	184,239	702,376	799,339
	<u>1,394,223</u>	<u>420,774</u>	<u>307,551</u>	<u>2,122,548</u>	<u>1,920,502</u>

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	6,600	6,280
- Other services	1,200	1,140
Depreciation of tangible fixed assets	249,883	243,520
Net interest on defined benefit pension liability	2,000	2,000

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	-	1,420,172	1,420,172	1,121,163
Support costs				
Educational operations	52,051	650,325	702,376	799,339
	<u>52,051</u>	<u>2,070,497</u>	<u>2,122,548</u>	<u>1,920,502</u>

The expenditure on charitable activities was £2,122,548 (2018: £1,920,502) of which £52,051 was unrestricted (2018: £63,292), £1,820,614 was restricted (2018: £1,613,690) and £249,883 was restricted fixed assets (2018: £243,520).

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Charitable activities	(Continued)	
	2019	2018
	£	£
Analysis of support costs		
Support staff costs	163,967	146,703
Depreciation	183,279	183,283
Premises costs	158,863	285,468
Other support costs	173,567	166,949
Governance costs	22,700	16,936
	<u>702,376</u>	<u>799,339</u>

9 Staff		
Staff costs		
Staff costs during the year were:		
	2019	2018
	£	£
Wages and salaries	1,025,354	877,119
Social security costs	76,843	66,855
Pension costs	107,581	92,407
	<u>1,209,778</u>	<u>1,036,381</u>
Amounts paid to employees	1,209,778	1,036,381
Agency staff costs	151,437	71,769
Staff restructuring costs	33,008	-
	<u>1,394,223</u>	<u>1,108,150</u>

Staff restructuring costs comprise:

Severance payments	<u>33,008</u>	<u>-</u>
--------------------	---------------	----------

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £33,008 (2018: £nil). Individually, the payments were: £30,000 plus £3,008 relating to pay in lieu of notice.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

(Continued)

Staff numbers

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

	2019	2018
	Number	Number
Teachers	17	15
Administration and support	36	37
Management	4	3
	<u>57</u>	<u>55</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2019	2018
	Number	Number
Teachers	16	15
Administration and support	24	21
Management	4	3
	<u>44</u>	<u>39</u>

Higher paid staff

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

	2019	2018
	Number	Number
£60,001 to £70,000	1	1

Key management personnel

The key management personnel of the school comprise the governors 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 school was £249,041 (2018: £116,505)

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Governors' remuneration and expenses

The principal only received remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

The value of governors' remuneration was as follows:

F Choudry (principal):

- Remuneration £65,000 - £70,000 (2018: £65,000 - £70,000)
- Employer's pension contributions £nil - £5,000 (2018: £nil - £5,000)

During the year, travel and subsistence payments totalling £122 (2018: £461) were reimbursed or paid directly to one governor (2018: one governor).

Other related party transactions involving the governors are set out within the related parties note.

11 Governors and officers insurance

In accordance with normal commercial practice, the school has taken out insurance, however, this is under the Risk Protection Arrangement (RPA) from the ESFA. The school has been advised that this insurance provides unlimited cover for governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on school business. The insurance cost relating to governors is not separately identifiable and is included within the total cost for the RPA.

12 Intangible fixed assets

	Computer software £
Cost	
At 1 September 2018	91,870
Additions	1,733
	<hr/>
At 31 August 2019	93,603
	<hr/>
Amortisation	
At 1 September 2018	56,472
Charge for year	31,153
	<hr/>
At 31 August 2019	87,625
	<hr/>
Carrying amount	
At 31 August 2019	5,978
	<hr/> <hr/>
At 31 August 2018	35,398
	<hr/> <hr/>

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13 Tangible fixed assets

	Short leasehold buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2018	3,027,540	322,391	317,417	3,667,348
Additions	-	60,081	7,240	67,321
At 31 August 2019	<u>3,027,540</u>	<u>382,472</u>	<u>324,657</u>	<u>3,734,669</u>
Depreciation				
At 1 September 2018	240,363	259,494	128,874	628,731
Charge for the year	121,102	35,452	62,177	218,731
At 31 August 2019	<u>361,465</u>	<u>294,946</u>	<u>191,051</u>	<u>847,462</u>
Net book value				
At 31 August 2019	<u>2,666,075</u>	<u>87,526</u>	<u>133,606</u>	<u>2,887,207</u>
At 31 August 2018	<u>2,787,177</u>	<u>62,897</u>	<u>188,543</u>	<u>3,038,617</u>

14 Debtors

	2019 £	2018 £
VAT recoverable	25,994	32,829
Other debtors	3,291	-
Prepayments and accrued income	57,298	46,211
	<u>86,583</u>	<u>79,040</u>

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	50,505	145,027
Other creditors	4,990	7,153
Accruals and deferred income	184,490	71,664
	<u>239,985</u>	<u>223,844</u>

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16 Deferred income	2019 £	2018 £
Deferred income is included within:		
Creditors due within one year	83,870	52,235
Deferred income at 1 September 2018	52,235	46,059
Released from previous years	(52,235)	(46,059)
Resources deferred in the year	83,870	52,235
Deferred income at 31 August 2019	83,870	52,235

At the balance sheet date the school was holding funds received in advance for Grants from the ESFA and the Local Authority relating to Universal infant free school meals, Rates, Other factors and High Needs.

17 Funds	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	922,126	1,592,409	(1,432,010)	(48,405)	1,034,120
Other DfE / ESFA grants	-	304,654	(304,654)	-	-
Other government grants	-	54,950	(54,950)	-	-
Pension reserve	(59,000)	-	(29,000)	(84,000)	(172,000)
	863,126	1,952,013	(1,820,614)	(132,405)	862,120
Restricted fixed asset funds					
DfE group capital grants	2,958,385	20,648	(204,706)	(20,648)	2,753,679
Capital expenditure from GAG	131,210	-	(45,177)	69,053	155,086
	3,089,595	20,648	(249,883)	48,405	2,908,765
Total restricted funds	3,952,721	1,972,661	(2,070,497)	(84,000)	3,770,885
Unrestricted funds					
General funds	-	52,051	(52,051)	-	-
Total funds	3,952,721	2,024,712	(2,122,548)	(84,000)	3,770,885

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

(Continued)

Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at the year end. The school is aware of the need to manage its funds to ensure it does not go into deficit and it can manage its day to day cashflows.

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

General Annual Grant must be used for the normal running expenses of the School and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

Other DfE/ESFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant, all grants were fully expended in the period.

The pension reserve represents the value of the School's share of the deficit in the Local Government Pension Scheme.

Restricted fixed asset funds include assets capitalised out of GAG and other capital grants during the period, and unspent capital grants received or accrued for a specific project. Depreciation is charged against this fund.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	673,339	1,398,956	(1,228,186)	78,017	922,126
Other DfE / ESFA grants	-	324,178	(324,178)	-	-
Other government grants	-	31,326	(31,326)	-	-
Pension reserve	(67,000)	-	(30,000)	38,000	(59,000)
	<u>606,339</u>	<u>1,754,460</u>	<u>(1,613,690)</u>	<u>116,017</u>	<u>863,126</u>
Restricted fixed asset funds					
DfE group capital grants	3,230,118	7,364	(201,080)	(78,017)	2,958,385
Capital expenditure from GAG	173,650	-	(42,440)	-	131,210
	<u>3,403,768</u>	<u>7,364</u>	<u>(243,520)</u>	<u>(78,017)</u>	<u>3,089,595</u>
Total restricted funds	<u>4,010,107</u>	<u>1,761,824</u>	<u>(1,857,210)</u>	<u>38,000</u>	<u>3,952,721</u>
Unrestricted funds					
General funds	-	63,292	(63,292)	-	-
	<u>-</u>	<u>63,292</u>	<u>(63,292)</u>	<u>-</u>	<u>-</u>
Total funds	<u>4,010,107</u>	<u>1,825,116</u>	<u>(1,920,502)</u>	<u>38,000</u>	<u>3,952,721</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Intangible fixed assets	-	-	5,978	5,978
Tangible fixed assets	-	-	2,887,207	2,887,207
Current assets	-	1,274,105	15,580	1,289,685
Creditors falling due within one year	-	(239,985)	-	(239,985)
Defined benefit pension liability	-	(172,000)	-	(172,000)
	<u>-</u>	<u>862,120</u>	<u>2,908,765</u>	<u>3,770,885</u>
Total net assets	<u>-</u>	<u>862,120</u>	<u>2,908,765</u>	<u>3,770,885</u>

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total Funds £
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	-	-	35,398	35,398
Tangible fixed assets	-	-	3,038,617	3,038,617
Current assets	-	1,145,970	15,580	1,161,550
Creditors falling due within one year	-	(223,844)	-	(223,844)
Defined benefit pension liability	-	(59,000)	-	(59,000)
Total net assets	-	863,126	3,089,595	3,952,721

19 Pension and similar obligations

The school'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 Tameside Metropolitan Borough Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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' 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

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation, TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £59,610 (2018: £43,662).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 15% for employers and 5.5% -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.

Total contributions made	2019	2018
	£	£
Employer's contributions	18,000	16,000
Employees' contributions	7,000	6,000
Total contributions	25,000	22,000
Principal actuarial assumptions	2019	2018
	%	%
Rate of increase in salaries	3.1	3.1
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

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

	2019	2018
	Years	Years
Retiring today		
- Males	20.6	21.5
- Females	23.1	24.1
Retiring in 20 years		
- Males	22.0	23.7
- Females	24.8	26.2

Sensitivity analysis:

	Approximate increase to employer liability	Approximate monetary amount
	%	£000
0.5% decrease in real discount rate	21	75
0.5% increase in the salary increase rate	1	3
0.5% increase in the pension increase rate	20	71

The school's share of the assets in the scheme

	2019	2018
	Fair value	Fair value
	£	£
Equities	122,000	99,000
Bonds	27,000	24,000
Cash	16,000	13,000
Property	14,000	10,000
Total market value of assets	179,000	146,000

The actual return on scheme assets was £8,000 (2018: £7,000).

Amount recognised in the Statement of Financial Activities

	2019	2018
	£	£
Current service cost	41,000	44,000
Past service cost	4,000	-
Interest income	(4,000)	(3,000)
Interest cost	6,000	5,000
Total operating charge	47,000	46,000

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations	(Continued)	
Changes in the present value of defined benefit obligations	2019	2018
	£	£
At 1 September 2018	205,000	184,000
Current service cost	41,000	44,000
Interest cost	6,000	5,000
Employee contributions	7,000	6,000
Actuarial loss/(gain)	88,000	(34,000)
Past service cost	4,000	-
	<u>351,000</u>	<u>205,000</u>
Changes in the fair value of the school's share of scheme assets	2019	2018
	£	£
At 1 September 2018	146,000	117,000
Interest income	4,000	3,000
Actuarial gain	4,000	4,000
Employer contributions	18,000	16,000
Employee contributions	7,000	6,000
	<u>179,000</u>	<u>146,000</u>
20 Reconciliation of net expenditure to net cash flow from operating activities	2019	2018
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(97,836)	(95,386)
Adjusted for:		
Capital grants from DfE and other capital income	(20,648)	(7,364)
Investment income receivable	(565)	(49)
Defined benefit pension costs less contributions payable	27,000	28,000
Defined benefit pension scheme finance cost	2,000	2,000
Depreciation of tangible fixed assets	249,883	243,520
(Increase)/decrease in debtors	(7,543)	183,629
Increase in creditors	16,142	10,004
	<u>168,433</u>	<u>364,354</u>

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Commitments under operating leases

At 31 August 2019 the total of the school's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£	£
Amounts due within one year	71,000	71,000
Amounts due in two and five years	284,000	284,000
Amounts due after five years	1,136,000	1,207,000
	<u>1,491,000</u>	<u>1,562,000</u>

22 Related party transactions

Year ended 31 August 2019

Z Patel, wife of A Chohan, Chair of Governors, is employed by the academy as Assistant Headteacher. Z Patel's appointment was made in open competition and A Chohan was not involved in the decision-making process regarding the appointment. Z Patel is paid within the normal pay scale and receives no special treatment as a result of her relationship to the governor.

Mr A D Peet (Governor) is a Director of AP Consultancy Limited. The school paid £15,575 to AP Consultancy Limited for educational consultancy services for the period January to June 2019.

Mr C D Mole (Governor) was paid £1,250 for educational consultancy services in November 2018.

There is no evidence to support compliance with the "at cost" policy in respect of the above related party payments. Furthermore, payments made from 1 April 2019 were not reported to the ESFA.

Year ended 31 August 2018

During the year ended 31 August 2018, the school was asked to arrange an event for representatives from schools in Sweden to present on various pedagogical topics. The School received fees to cover the costs incurred. The Chair assisted with the preparation and hosting of the event and received a fee of £1,980 for a total of 4 days' work charged at his normal daily consultancy rate.

Z Patel, wife of A Chohan, Chair of Governors, is employed by the academy as Assistant Headteacher. Z Patel's appointment was made in open competition and A Chohan was not involved in the decision-making process regarding the appointment. Z Patel is paid within the normal pay scale and receives no special treatment as a result of her relationship to the governor.

During the previous year Z Patel, who was an acquaintance of the Chair at the time, was appointed to a temporary position as IT lead coordinator. This was a short term consultancy role requiring specific knowledge and skills which Z Patel could demonstrate and it was not considered to be an efficient use of resource to make the appointment under open competition. The decision to make the appointment was taken by the Head and not the Chair. Z Patel was paid within normal pay scale for the role.

THE OLIVE TREE PRIMARY SCHOOL BOLTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he or she ceases to be a member.

