

**Company Registration Number: 08702056 (England and Wales)**

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

<b>Members</b>	David Thomas Peter Waite Kerrie Grant Chris Woodall Steve Goddard (appointed 26 September 2017)
<b>Trustees</b>	Steve Goddard, Chair of Trustees from 26 September 2017 <sup>1</sup> Kate Austen, Chair of Trustees from 8 December 2016 to 26 September 2017 <sup>1</sup> David Thomas, Chair of Trustees to 8 December 2016 Kerrie Grant, Chair of Resources Committee <sup>1</sup> Lorraine Biddle, Trustee Tracey Hutchinson, Trustee Chris Woodall, Trustee (resigned 10 October 2016) Elliot Howles, Headteacher <sup>1</sup> Laura Kenney, Staff Trustee Matthew Bleasdale, Trustee <sup>1</sup> Victoria Jones, Trustee Jatinder Hanspal, Trustee (appointed 21 January 2017) Christophe Budek, Trustee (appointed 21 March 2017)
	<sup>1</sup> Resources Committee
<b>Company registered number</b>	08702056
<b>Company name</b>	Kirby Muxloe Primary School
<b>Principal and registered office</b>	Barwell Road Kirby Muxloe Leicester LE9 2AA
<b>Senior leadership team</b>	Elliot Howles, Headteacher Nicholas Holt, Deputy Headteacher Sharon Jackson, Assistant Headteacher Kelli Hackett, School Business Manager (resigned September 2017)
<b>Independent auditors</b>	Magma Audit LLP Chartered Accountants 340 Melton Road Leicester LE4 7SL
<b>Bankers</b>	Lloyds Bank plc 145 Narborough Road Leicester LE3 0PB
<b>Solicitors</b>	Howes Percival Solicitors 3 The Osiers Business Centre Leicester LE19 1DX

**KIRBY MUXLOE PRIMARY SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Kirby Muxloe. It has a pupil capacity of 385 and had a roll of 404 in the school census on 6 October 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

● **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The charitable company was incorporated on 23 September 2013. The school converted to Academy status on 1 November 2013, when its operations, assets and liabilities were transferred to the Academy from the Governing Body of the Local Authority.

The Trustees of Kirby Muxloe Primary School are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Kirby Muxloe Primary School. Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

● **Members' liability**

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

● **Trustees' indemnities**

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

● **Method of recruitment and appointment or election of Trustees**

The Board of Trustees of Kirby Muxloe Primary School is constituted as laid down in its Articles of Association and is made up of not less than three Trustees but has no stated maximum. All Trustees, other than the Headteacher, serve for a term of four years after which they are required to be re elected/re appointed.

New Trustees are appointed by the Members after consultation with the Board of Trustees and an assessment of skills required or by election, for Staff and Parent Trustees.

Parent Trustees	Through open election for all eligible parents or guardians of students who attend Kirby Muxloe Primary School
Staff Trustees	Through open election for all eligible members of staff working at Kirby Muxloe Primary School
Community Trustees	Through nomination by the Board of Trustees of Kirby Muxloe Primary School. We would seek to appoint Trustees with relevant skills and experience to complement the existing Trustee skill set

● **Policies and procedures adopted for the induction and training of Trustees**

We expect all Trustees to undertake training as appropriate to their work at the school. The training and induction for new Trustees will depend on their existing experience and will be tailored specifically to the needs of the individual. Where necessary, induction will provide training on charity, educational, legal and finance matters. All new Trustees are given a tour of the Academy and are provided with minutes, accounts, budgets, plans, handbook and other documents needed to undertake their role. The Academy subscribes to the Governor Development Service (provided by the Local Authority) and the National Governors' Association.

Where a training need is identified, the appropriate training is procured which may be on site, online or by attendance at an external event. A log is kept of all Trustees training and reviewed on a regular basis

● **Organisational structure**

The Trustees agree the strategic direction for the school, hold the Headteacher to account for the educational performance of the school and its pupils and have oversight of the school's finances. A scheme of delegation, which is regularly reviewed, sets out the levels for decision making.

The day to day running of the school is delegated to the Headteacher, supported by senior staff. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the Senior Leadership Team. The day to day administration is undertaken within the policies and procedures approved by the Trustees with major expenditure and other significant decisions being referred to the Trustees in line with the agreed policies and procedures.

The Clerk to the Trustees is responsible for arranging meetings, supporting the work of the Trustees, the preparation of agendas and the review of matters arising. The School Business Manager is responsible for the preparation of accounts for the Resources Committee. The Headteacher oversees the recruitment of all educational staff and is a Trustee, Principal Accounting Officer and attends all Board of Trustees and Resources Committee meetings. The School Business Manager attends all Resources Committee meetings and any other meetings as required.

All Trustees give their time freely and no expenses were paid in the year.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

- **Pay policy for key management personnel**

The Academy has a clear and robust pay policy that is updated on an annual basis. Senior staff are set clear targets that in turn relate to potential pay increments. Teaching staff pay is set in line with the Teachers Pay & Conditions Document and non-teaching staff in line with Leicestershire pay guidance. Pay and remuneration is monitored by the Pay and Performance Panel.

- **Connected organisations, including related party relationships**

Enrich is a collaboration between the local primary schools who are the feeder schools for the local high school and college. There are two main aims of the partnership: to provide enrichment opportunities across the schools and age ranges for pupils and to provide a highly effective transition programme for pupils in Year 6.

The Headteacher is a member of this local partnership and regularly attends a range of local and countywide meetings to enable him to keep up to date with current educational policies and practice and network with other schools to share expertise, knowledge and experience.

The school has a connected charity, Kirby Muxloe Primary School PFA, which was established for the purpose of supporting the school in a manner as determined by its own independent board. These funds are under the control of this independent board, not the Academy. In line with the Academies Accounts Direction 2016 to 2017 (SORP 2015) some summary details of this charity's activities are included in note 26 to the financial statements.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**OBJECTIVES AND ACTIVITIES**

• **Objects and aims**

The Academy Trust's objects are set in full in the Articles of Association, but in summary are:

- To advance, for public benefit, education through the operation of Kirby Muxloe Primary School to provide a broad and balanced curriculum offering the best education it can for pupils of different abilities between the ages of 4 and 11 years; and
- To provide recreational facilities for improving the condition of life.

**The Vision**

**'Inspiring Excellence in Everyone'**

Kirby Muxloe Primary School aims to be an excellent school for the local community by providing a fun, exciting and inspiring environment in which everyone is enabled to achieve their very best, regardless of starting points and in which everyone feels valued and supported on their own personal journey to excellence.

**Our Strategic Aims**

The overarching aim of this school is to develop from a good school to an excellent school. This will be evidenced by:

- 1) To provide an excellent environment for learning that is rich, vibrant and well organised to meet the learning, emotional and spiritual needs of learners and staff within a safe and secure setting.
- 2) To ensure that the quality of teaching is of the highest priority and that this should be elevated through a clear setting of expectations that lead to high levels of pupil achievement.
- 3) To ensure children understand their history and their potential future, whilst being equipped with the skills and knowledge to navigate, enjoy and begin to find their place in the world they currently inhabit.
- 4) To ensure that children demonstrate behaviour to a very high standard whether inside or outside of the classroom. They should be able to treat everyone with an equally high level of respect and know why this is important.
- 5) To be an excellent employer, where continuous professional development and endeavour is recognised, encouraged and supported.
- 6) To deliver governance that is sharply focussed on strategic areas of the vision whilst ensuring the school is run in a sustainable and stable manner.
- 7) To create a reflective culture where the school listens to and takes on board the views of staff, pupils, parents, the local community and other local education providers.
- 8) To nurture existing and develop new partnerships with other education providers and agencies that add value to the quality and provision on offer at Kirby Muxloe Primary School.
- 9) To equip all our pupils to value life-long learning and make a smooth transition between different phases of education.
- 10) To be recognised as an excellent school by parents, the local community and other education providers.

We look to deliver these aims in conjunction with clear behaviour and curriculum expectations.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Our Behaviours**

- Be Respectful
- Be Independent
- Be Thoughtful and Caring

**Our Curriculum Aims**

During their time at our school, pupils will develop:

- The ability to learn alone or alongside others in an effective, co operative and collaborative way.
- Core skills in reasoning, communication and mathematics.
- The ability to discover, question and draw inspiration from all aspects of the world around us.
- The creativity, confidence and resilience to adapt to change, challenge and new opportunities.
- An understanding of their place in the world and how to navigate it with respect and integrity.

● **Public benefit**

Public benefit is the legal requirement that every organisation set up for one or more charitable aims must be able to demonstrate that its aims are for the public benefit.

The aims and objectives of Kirby Muxloe Primary School are outlined in the section above but in ensuring the school focuses upon these aims, the following has been taken into consideration by the Board of Trustees:

- The beneficiaries must be appropriate to the aims where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted;
- People in poverty must not be excluded from the opportunity to benefit; and
- Any private benefits must be incidental.

These principles underline the work undertaken at Kirby Muxloe Primary School and, through monitoring and evaluation of procedures and policies, the Board of Trustees ensure that the Academy has complied with its duties.

The Academy's catchment area encompasses a 'mixed' catchment area; children from private and council housing are within our catchment area. First time admissions to the school remain the decision of Leicestershire Local Authority, in accordance with the Trust's Admissions Policy which is consistent with the Local Authority Admissions Policy.

The OFSTED rating as a 'Good' school remains in place and the continual improvements in academic progress ensure our pupils benefit from the education we provide.

The Academy's Trustees have complied with their duty to have regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

- **Achievements and performance**

**Overall Effectiveness**

Kirby Muxloe Primary School provides an excellent standard of education.

**Effectiveness of Leadership and Management**

The school's leaders and Trustees are sharply focused on achievement and have developed a relentless attitude towards under performance. The school is held robustly to account by Trustees' and the leadership has continually improved key aspects of school life.

**Quality of Teaching, Learning and Assessment**

The quality of teaching is high across the school and is evidenced by generally crisp lessons, high quality learning journey and maths books and well directed marking and feedback which children mostly use to improve their learning.

**Personal Development, Behaviour and Welfare**

Pupil attitudes to learning and their behaviour is generally excellent. They take pride in their school and have a desire to do well. Systems for keeping children safe and ensuring good behaviour are strongly and robustly followed. Instances of bullying and bad behaviour are rare.

**Outcomes for Pupils**

Most children make at least good progress with many making outstanding progress. Attainment is broadly high. At the end of each Key Stage, children, including disadvantaged children and children with special educational needs compare favourably with national figures.

**Effectiveness of Early Years**

The effectiveness of the early years is excellent with very high levels of progress and attainment and excellent teaching. This was judged as 'Outstanding' at the last inspection.

- **Key performance indicators**

**Current OFSTED Grading**

The school was last inspected in September 2016 and was graded as good overall and in all areas except Early Years which was graded as outstanding. There were many areas of excellent practice noted in the report and we see ourselves as being close to the overall outstanding criteria. The report notes that much progress has been made since the last inspection in 2012.

**2017 Key Stage 2 Results**

Please see below the end of Key Stage 2 results for 2017. Children are expected to be working at the new standard for each subject and achieve a scaled score of 100 or more in tests. National Comparisons and Progress Measure were unavailable at the time of writing this section.

	Teacher assessments				Test Scaled Scores		
	Has Not Met	Towards	At	Greater	<100	100+	Average
<b>Reading (TA &amp; Test)</b>	5%		95%		12%	88%	107
<b>Writing (TA)</b>		12%	67%	21%			
<b>GAPS (Test)</b>					11%	89%	109
<b>Maths</b>	5%		95%		16%	84%	107
<b>Science</b>	5%		95%				

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

- **Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

## **FINANCIAL REVIEW**

- **Financial review**

The Academy had a net movement in funds for the year ended 31 August 2017 of £92,837 including fixed assets movements. As at 31 August 2017 the Academy held £33,881 of unrestricted reserves plus £59,227 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £93,108.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £531,000 at 31 August 2017 and a fixed asset reserve of £3,344,890 (being the book value of past purchases plus unspent capital income of £4,353).

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Academy. The principal financial management policies adopted in the period are included in the Academy's internal financial policies and are typical for an Academy Trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the Academy are the General Annual Grant (GAG) and other ESFA/DfE grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the Academy Trust, subject to any remaining reserves.

- **Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually by the Resources Committee. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. For 2016/17 the target level of free reserves plus unspent General Annual Grant (GAG) was determined as between 2-3% of the annual income, being approximately £30,000 to £45,000.

Actual free reserves plus unspent GAG as at 31 August 2017 were £92,138, being above the target level set by the Trustees for the 2016/17 year. Cash at bank at 31 August 2017 was £177,081 higher than total available reserves due principally to £83,843 of capital income received in advance, £36,836 of Universal Infant Free School Meals income received in advance, £42,154 of payroll oncosts paid post year end plus other accruals timing differences.

At 31 August 2017 the Academy's fixed asset reserve of £3,344,890 represented funds which could only be realised if the assets were sold plus unspent capital income of £4,353.

The only reserve in deficit at the year end was the pension reserve (deficit of £531,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

● **Investment policy and performance**

The School Business Manager prepares, and regularly reviews, a cash flow forecast and monitors the cash flow and bank account on a weekly basis to ensure that the immediate financial commitments of payroll and payments can be met and the Academy has adequate balances to meet planned future commitments.

The Academy's current Investment Policy is to only invest in risk free deposit accounts as set out in the Financial Manual. The Policy is reviewed annually.

At present the Academy does not hold significant funding to warrant additional investment. The end of year balance is held within our main school bank account.

● **Principal risks and uncertainties**

The Academy Trust practices through its Board of Trustees and the Resources Committee, risk management principles and have approved a Risk Policy. Any major risks highlighted at any meeting are brought to the Board of Trustees with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Board of Trustees collectively, whilst more minor risks are dealt with by senior executive officers.

The principal risks facing the Academy are included in the Risk Register and Management Plan and include:

- Strategic and Reputational Risks
- Operational Risks
- Compliance Risks
- Financial Risks

Control measures are in place to manage the identified risks, the key risks being that of reduced pupil numbers that affect the level of funding and the uncertainty of Government policies. Active promotion of the Academy is maintained and budgets monitored carefully over a 3 year period to manage any potential reduction in funding.

A further risk was the potential increase in pupil numbers throughout the school and particularly in Reception. Governors assessed that the former would potentially reduce educational standards across the school and give concern for the health and safety of pupils in a building with restrictive capacity on a constrained site. The risk of Reception numbers increasing to require an additional class (and additional costs) was a risk governors were not prepared to take. In order to protect the school's educational standards and financial position, Governors have determined to cap the annual number at 58 from the start of the 2017/18 academic year.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**PLANS FOR FUTURE PERIODS**

• **Future developments**

The overarching aim of this school over the next 3 years is to develop from a good school to an excellent school. Underpinning this will be a continuing drive for even greater consistency and an increase of regular excellence in all areas of school life. All schools are currently examining how they can better collaborate to achieve better outcomes for their children and KMPS is looking at ways it can build on its excellent track record in this area. We have made significant improvements to the school building; improving the flow of pupils and increasing the size of some of the smaller classrooms to make them fit for purpose. More recent CIF bids, have enabled us to renew much of the roofing.

**Funds held as custodian**

The Academy does not hold funds on behalf of any other organisations.

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

**Auditors**

The auditors, Magma Audit LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at the Trustees AGM.

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 5 December 2017 and signed on the board's behalf by:

**Steve Goddard**  
**Chair of Trustees**

**Elliot Howles**  
**Headteacher / Accounting Officer**

**KIRBY MUXLOE PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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 Kirby Muxloe Primary School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Steve Goddard, Chair of Trustees from 26 September 2017	6	6
Kate Austen, Chair of Trustees from 8 December 2016 to 26 September 2017	1	6
David Thomas, Chair of Trustees to 8 December 2016	6	6
Kerrie Grant, Chair of Resources Committee	5	6
Lorraine Biddle, Trustee	5	6
Tracey Hutchinson, Trustee	6	6
Chris Woodall, Trustee	1	1
Elliot Howles, Headteacher	6	6
Laura Kenney, Staff Trustee	3	6
Matthew Bleasdale, Trustee	4	6
Victoria Jones, Trustee	6	6
Jatinder Hanspal, Trustee	4	4
Christophe Budek, Trustee	3	3

**Key changes to the composition of the Board of Trustees**

Changes in the composition of the Board are indicated on page 1 of the financial statements and all were of a routine nature. The Trust Board welcomed Mr. Jat Hanspal and Mr. Christophe Budek as new Trustees.

During the year Mrs Kate Austen stood down as Chair for six months for personal reasons with this period being covered by Mrs Lorraine Biddle and Mr Steve Goddard acting as Co-Chairs. In September 2017 Mrs Austen formally resigned as Chair of the Trust Board and Mr Goddard was elected to the position.

The coverage of its work:

- The Board's work was typical for a primary academy of its size and type, focusing on the improvement and maintenance of educational standards and on financial and general management. There were no unusual matters worthy of note dealt with by the Trustees during their work.
- A review of the Board's performance in the year is detailed below. Challenges encountered have been of a routine nature concerning finances, staff management and educational standards.
- The quality of data and information flowing to the Board is considered acceptable by Trustees based on their experience, their own observations, enquiries and judgements.

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**GOVERNANCE STATEMENT (continued)**

- The Board's performance, including assessing its own effectiveness and any particular challenges that have arisen for the Board have been carried out by Board members using the Articles of Association and the Funding Agreement; The (new) Financial Handbook; The Governor Handbook; and Statutory responsibilities of Board members as a method for the self-assessment of the Board.

**Governance reviews:**

The Accounting Officer completed the Financial Management and Governance Self-Assessment during the year to 31 August 2017 and addressed the minor changes required. The Trust Board completed a self evaluation exercise during 2016/17 and has addressed the minor improvements identified during that evaluation. The Trustees plan to carry out their next self evaluation of governance in 2017/18.

**Resources Committee:**

The Resources Committee is a committee of the Board of Trustees and encompasses the functions of an Audit Committee. Its purpose is:

To assist the decision making of the Academy Trust, by enabling more detailed consideration to be given to the best means of fulfilling the Academy Trust's responsibility to ensure sound management of the Academy's resources; property, staffing and finances, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Kerrie Grant, Chair of Resources Committee	6	6
Steve Goddard, Trustee	5	6
Elliot Howles, Headteacher	6	6
Kate Austen, Chair of Trustees	1	6
David Thomas, Trustee	5	6
Matthew Bleasdale, Trustee	4	6
Jatinder Hanspal	2	2

**Review of Value for Money**

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Securing additional funding from the ESFA to renew windows and replace heating pipes, thereby mitigating future cost & liabilities.
- Promoting fair competition through quotation and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kirby Muxloe Primary School for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

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**GOVERNANCE STATEMENT (continued)**

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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 Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council as internal auditor.

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

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

On an annual basis, the internal auditor reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The latest internal audit visit was in April 2017. No material control issues were identified as a result of the internal auditor's review work.

**Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

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**GOVERNANCE STATEMENT (continued)**

Approved by order of the members of the Board of Trustees on 5 December 2017 and signed on their behalf, by:

**Steve Goddard**  
**Chair of Trustees**

**Elliot Howles**  
**Accounting Officer**



**KIRBY MUXLOE PRIMARY SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Kirby Muxloe Primary School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

**Elliot Howles**  
**Accounting Officer**

Date: 5 December 2017

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 5 December 2017 and signed on its behalf by:

**Steve Goddard**  
**Chair of Trustees**

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KIRBY  
MUXLOE PRIMARY SCHOOL**

**Opinion**

We have audited the financial statements of Kirby Muxloe Primary School for the year ended 31 August 2017 which comprise the statement of financial activities incorporating income and expenditure account, the Balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy'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 Academy'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 Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**Basis of 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 financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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 financial statements are authorised for issue.

**Other information**

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

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KIRBY MUXLOE PRIMARY SCHOOL**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

**Opinion 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 trustees' report for which the financial statements are prepared is consistent with the financial statements.
- the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy'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 Trustees either intend to liquidate the Academy's or to cease operations, or have no realistic alternative but to do so.

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KIRBY  
MUXLOE PRIMARY SCHOOL**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our auditor's report.

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Magma Audit LLP**

Chartered Accountants  
Statutory Auditors

340 Melton Road  
Leicester  
LE4 7SL  
13 December 2017

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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

In accordance with the terms of our engagement letter dated 28 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kirby Muxloe Primary School during the year 1 September 2016 to 31 August 2017 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 Kirby Muxloe Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kirby Muxloe Primary School and the 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 Kirby Muxloe Primary School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Kirby Muxloe Primary School's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Kirby Muxloe Primary School's funding agreement with the Secretary of State for Education dated 1 November 2013, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the 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 Academy's income and expenditure.

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in place.

**KIRBY MUXLOE PRIMARY SCHOOL**

**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KIRBY MUXLOE PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Magma Audit LLP

340 Melton Road  
Leicester  
LE4 7SL

15 December 2017

**KIRBY MUXLOE PRIMARY SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Note					
<b>INCOME FROM:</b>					
Donations and capital grants	2	-	8,332	178,709	187,041
Charitable activities	3	-	1,595,372	-	1,595,372
Other trading activities	4	18,880	-	-	18,880
Investments	5	166	-	-	166
<b>TOTAL INCOME</b>		<b>19,046</b>	<b>1,603,704</b>	<b>178,709</b>	<b>1,801,459</b>
<b>EXPENDITURE ON:</b>					
Raising funds		9,874	-	-	9,874
Charitable activities		-	1,560,066	153,682	1,713,748
<b>TOTAL EXPENDITURE</b>	6	<b>9,874</b>	<b>1,560,066</b>	<b>153,682</b>	<b>1,723,622</b>
<b>NET INCOME BEFORE TRANSFERS</b>					
Transfers between funds	17	9,172	43,638	25,027	77,837
		-	(28,411)	28,411	-
<b>NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>					
		9,172	15,227	53,438	77,837
Actuarial gains/(losses) on defined benefit pension schemes	22	-	15,000	-	15,000
<b>NET MOVEMENT IN FUNDS</b>		<b>9,172</b>	<b>30,227</b>	<b>53,438</b>	<b>92,837</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		24,709	(502,000)	3,291,452	2,814,161
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>33,881</b>	<b>(471,773)</b>	<b>3,344,890</b>	<b>2,906,998</b>

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



KIRBY MUXLOE PRIMARY SCHOOL

(A company limited by guarantee)

REGISTERED NUMBER: 08702056

BALANCE SHEET  
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	12		3,340,537		3,291,452
<b>CURRENT ASSETS</b>					
Stocks	13	2,784		2,875	
Debtors	14	49,966		77,539	
Cash at bank and in hand		270,189		212,803	
			<u>322,939</u>	<u>293,217</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(225,478)		(266,828)	
<b>NET CURRENT ASSETS</b>			<u>97,461</u>		<u>26,389</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,437,998</u>		<u>3,317,841</u>
<b>CREDITORS:</b> amounts falling due after more than one year	16		-		(1,680)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>3,437,998</u>		<u>3,316,161</u>
Defined benefit pension scheme liability	22	(531,000)		(502,000)	
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>2,906,998</u>		<u>2,814,161</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted income fund	17	59,227		-	
Fixed asset fund	17	3,344,890		3,291,452	
			<u>3,404,117</u>	<u>3,291,452</u>	
Restricted funds excluding pension liability					
Pension reserve		(531,000)		(502,000)	
			<u>2,873,117</u>	<u>2,789,452</u>	
Total restricted funds					
Unrestricted income funds	17		33,881		24,709
<b>TOTAL FUNDS</b>			<u>2,906,998</u>		<u>2,814,161</u>

The financial statements on pages 22 to 45 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:

**Steve Goddard**  
Chair of Trustees

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

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<b>81,446</b>	129,906
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<b>(202,768)</b>	(210,715)
Capital grants from DfE		<b>178,708</b>	154,510
<b>Net cash used in investing activities</b>		<b>(24,060)</b>	(56,205)
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents at 1 September 2016		<b>57,386</b>	73,701
		<b>212,803</b>	139,102
<b>Cash and cash equivalents at 31 August 2017</b>	20	<b>270,189</b>	212,803

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

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kirby Muxloe Primary School constitutes a public benefit entity as defined by FRS 102.

**1.2 FUND ACCOUNTING**

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education and Skills Funding Agency.

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

Grants are included in the statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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 should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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

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

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within income from donations and capital grants. The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at using the ESFA standard valuation on a depreciated replacement cost basis provided to the Academy. This provided a value for the land and buildings as at the date of conversion.

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**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 allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

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

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account.

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

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

Leasehold buildings	-	4% Straight line
Leasehold land (125 year lease)	-	over 125 years
Fixtures and fittings	-	25% Straight line
Computer equipment	-	33.3% Straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. 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 incorporating income and expenditure account.

**1.7 OPERATING LEASES**

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 STOCKS**

Classroom consumables, unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

**1.9 CASH AT BANK AND IN HAND**

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

**1.10 LIABILITIES AND PROVISIONS**

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**KIRBY MUXLOE PRIMARY SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.11 FINANCIAL INSTRUMENTS**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as defined in note 15. 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 as detailed in note 16. 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.

**1.12 TAXATION**

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

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

**1.13 PENSIONS**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

Estimates and judgments 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.

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Defined benefit pension scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Restricted fixed asset funds 2017 £</b>	<b>Total funds 2017 £</b>	<b>Total funds 2016 £</b>
Capital grants	-	-	<b>178,709</b>	<b>178,709</b>	154,510
Parent & Friends Association donations	-	<b>8,332</b>	-	<b>8,332</b>	3,149
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	<b>8,332</b>	<b>178,709</b>	<b>187,041</b>	157,659
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total 2016</i>	-	3,149	154,510	157,659	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	



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FOR THE YEAR ENDED 31 AUGUST 2017**

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,367,590	1,367,590	1,332,720
Other DfE/ESFA grants	-	122,892	122,892	120,869
	-	1,490,482	1,490,482	1,453,589
<b>Other government grants</b>				
Local Authority grants	-	61,856	61,856	70,419
	-	61,856	61,856	70,419
<b>Other funding</b>				
Catering income	-	43,034	43,034	52,364
	-	43,034	43,034	52,364
	-	1,595,372	1,595,372	1,576,372
<i>Total 2016</i>	-	1,576,372	1,576,372	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings income	14,812	-	14,812	13,431
Fundraising income	1,185	-	1,185	1,961
Consultancy income	1,152	-	1,152	1,533
Other income	1,731	-	1,731	824
	18,880	-	18,880	17,749
<i>Total 2016</i>	17,749	-	17,749	

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**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	166	-	166	211
<i>Total 2016</i>	211	-	211	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	6,910	1,518	1,446	9,874	4,362
Educational Operations:					
Direct costs	1,112,761	99,052	101,855	1,313,668	1,290,992
Support costs	233,832	85,510	80,738	400,080	355,635
	<b>1,353,503</b>	<b>186,080</b>	<b>184,039</b>	<b>1,723,622</b>	1,650,989
<i>Total 2016</i>	1,327,967	202,856	120,166	1,650,989	

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**7. CHARITABLE ACTIVITIES**

	<b>Total funds 2017 £</b>	<b>Total funds 2016 £</b>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Teaching and educational support staff costs - salaries	858,378	871,523
Teaching and educational support staff costs - NI	69,045	56,824
Teaching and educational support staff costs - pensions	179,763	149,592
LGPS pension interest cost (£25,000) less return on assets (£14,000)	11,000	14,000
Educational supplies	40,024	30,340
Staff development	3,734	7,915
Other direct costs	21,738	36,127
Depreciation	115,253	107,579
Technology costs	14,733	17,092
	<b>1,313,668</b>	<b>1,290,992</b>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Support staff costs - salaries	187,858	188,236
Support staff costs - NI	9,511	6,988
Support staff costs - pensions	36,463	34,085
Recruitment	600	600
Maintenance of premises and equipment	14,268	18,120
Cleaning	1,409	2,199
Rates	9,631	13,957
Insurance	9,631	(10,008)
Depreciation	38,429	35,860
Catering	39,114	56,261
Other support costs	26,294	28,016
Energy costs	19,451	25,141
Governance	7,421	8,544
	<b>400,080</b>	<b>407,999</b>
	<b>1,713,748</b>	<b>1,698,991</b>

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2017 £</b>	<b>2016 £</b>
Depreciation of tangible fixed assets: - capitalised by the charity	153,682	143,439
Auditors' remuneration - audit	7,000	11,550
Auditors' remuneration - other services	750	750
Operating lease rentals	2,520	2,595
	<b>163,952</b>	<b>168,374</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**9. STAFF COSTS**

Staff costs were as follows:

	<b>2017</b>	2016
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,053,146</b>	1,061,880
Social security costs	<b>78,556</b>	63,812
Operating costs of defined benefit contribution schemes	<b>216,226</b>	183,677
	<hr/>	<hr/>
Supply staff costs	<b>5,575</b>	18,598
	<hr/>	<hr/>
	<b>1,347,928</b>	1,309,369
	<hr/>	<hr/>
	<b>1,353,503</b>	1,327,967
	<hr/> <hr/>	<hr/> <hr/>

The average number of persons employed by the Academy during the year/period was as follows:

	<b>2017</b>	2016
	<b>No.</b>	<b>No.</b>
Teachers	<b>22</b>	20
Administration and support	<b>47</b>	52
Management	<b>1</b>	1
	<hr/>	<hr/>
	<b>70</b>	73
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2017</b>	2016
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>1</b>	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for this staff member amounted to £11,312 (2016: £11,200).

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £258,012 (2016: £263,257). These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within their employment.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. TRUSTEES' REMUNERATION AND EXPENSES**

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

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

E Howles (Headteacher and Trustee)
Remuneration £65,000 - £70,000 (2016: £65,000 - £70,000)
Employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000)
L Kenney (Staff Trustee)
Remuneration £20,000 - £25,000 (2016: £30,000 - £35,000)
Employer's pension contributions £0 - £5,000 (2016: £5,000 - £10,000)

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

**11. TRUSTEES' AND OFFICERS' INSURANCE**

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

**12. TANGIBLE FIXED ASSETS**

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 September 2016	3,423,286	103,017	76,430	3,602,733
Additions	180,931	8,080	13,756	202,767
At 31 August 2017	<u>3,604,217</u>	<u>111,097</u>	<u>90,186</u>	<u>3,805,500</u>
<b>DEPRECIATION</b>				
At 1 September 2016	216,689	39,110	55,482	311,281
Charge for the year	111,356	22,219	20,107	153,682
At 31 August 2017	<u>328,045</u>	<u>61,329</u>	<u>75,589</u>	<u>464,963</u>
<b>NET BOOK VALUE</b>				
At 31 August 2017	<u>3,276,172</u>	<u>49,768</u>	<u>14,597</u>	<u>3,340,537</u>
At 31 August 2016	<u>3,206,597</u>	<u>63,907</u>	<u>20,948</u>	<u>3,291,452</u>

See note 1.3 regarding assets transferred on conversion.

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**13. STOCKS**

	2017 £	2016 £
Classroom and kitchen stock	<u>2,784</u>	<u>2,875</u>

**14. DEBTORS**

	2017 £	2016 £
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	3,248	1,790
VAT recoverable	13,689	21,804
Prepayments and accrued income	33,029	53,945
	<u>49,966</u>	<u>77,539</u>

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

	2017 £	2016 £
Other loans	-	240
Trade creditors	6,400	-
Other taxation and social security	19,372	20,235
Other creditors	23,869	32,192
Accruals and deferred income	175,837	214,161
	<u>225,478</u>	<u>266,828</u>
 <b>DEFERRED INCOME</b>		
Deferred income at 1 September 2016	144,324	43,573
Resources deferred during the year	123,993	144,324
Amounts released from previous years	(144,324)	(43,573)
Deferred income at 31 August 2017	<u>123,993</u>	<u>144,324</u>

The closing balance of deferred income relates to Universal Infant Free School Meals received in advance of the 2017/18 academic year, rates income in relation to the post year end period and CIF grant income received in advance of work completed in the next academic year.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2017</b>	2016
	<b>£</b>	£
Other loans	-	1,680
	<u>                    </u>	<u>                    </u>

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>2017</b>	2016
	<b>£</b>	£
Repayable by instalments	-	720
	<u>                    </u>	<u>                    </u>

Other loans consists of Salix loans for roofing works as approved by the Education and Skills Funding Agency. The loans are interest free and repayable as indicated.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>UNRESTRICTED FUNDS</b>						
General Funds	24,709	19,046	(9,874)	-	-	33,881
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	-	1,367,590	(1,280,922)	(28,411)	-	58,257
Pupil premium	-	49,990	(49,990)	-	-	-
Other DfE/ESFA grants Parents & Friends Association	-	134,758	(134,758)	-	-	-
	-	8,332	(7,362)	-	-	970
Catering income	-	43,034	(43,034)	-	-	-
Pension reserve	(502,000)	-	(44,000)	-	15,000	(531,000)
	<u>(502,000)</u>	<u>1,603,704</u>	<u>(1,560,066)</u>	<u>(28,411)</u>	<u>15,000</u>	<u>(471,773)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
DfE/ESFA capital grants	15,192	8,614	(18,692)	-	-	5,114
Transfer from Local Authority	2,909,693	-	(95,112)	-	-	2,814,581
Condition Improvement Fund	312,968	170,095	(22,791)	-	-	460,272
Other grants	4,326	-	(1,082)	-	-	3,244
Other voluntary income	1,800	-	(600)	-	-	1,200
Capital expenditure from GAG	47,473	-	(15,405)	28,411	-	60,479
	<u>3,291,452</u>	<u>178,709</u>	<u>(153,682)</u>	<u>28,411</u>	<u>-</u>	<u>3,344,890</u>
Total restricted funds	<u>2,789,452</u>	<u>1,782,413</u>	<u>(1,713,748)</u>	<u>-</u>	<u>15,000</u>	<u>2,873,117</u>
Total of funds	<u><u>2,814,161</u></u>	<u><u>1,801,459</u></u>	<u><u>(1,723,622)</u></u>	<u><u>-</u></u>	<u><u>15,000</u></u>	<u><u>2,906,998</u></u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**17. STATEMENT OF FUNDS (continued)**

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

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. There has been a net transfer from the GAG of £24,058 which relates to a transfer to fund restricted fixed asset expenditure of £24,058.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The DfE/ESFA restricted funds grants consists of PE Sports Grant and Universal Infant Free School Meals (UIFSM). All income streams were fully spent in the year.

Other Government grants consists of Special Educational Needs Additional Allowance which was fully spent in the year.

Parents & Friends Association (PFA) donations relate to amounts given to the school for specific purposes. At the year end £970 was unspent.

Catering income consists of school dinner money contributed to the school which was fully spent in the year.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's (LCC) Local Government Pension Scheme.

Restricted fixed asset funds

DfE/ESFA capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned.

The transfer from Local Authority relates to the value of £3,138,252 (leasehold land and buildings plus moveable assets) transferred from the Local Authority to the Academy on conversion. The closing balance relates to the net book value of the assets concerned.

The Condition Improvement Fund (CIF) income relates to funding received in relation to a roofing project, electrical works and a boiler project. The closing balance relates to the net book value of the assets concerned plus unspent funds of £4,353.

Other grants relates to an amount received from Leicester County Council towards security fencing. The closing balance relates to the net book value of assets concerned.

Other voluntary income consists of donations from the Parents and Friends Association towards capital expenditure. The closing balance relates to the net book value of the assets concerned.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,340,537	3,340,537
Current assets	33,881	284,705	4,353	322,939
Current liabilities	-	(225,478)	-	(225,478)
Pension scheme liability	-	(531,000)	-	(531,000)
	<u>33,881</u>	<u>(471,773)</u>	<u>3,344,890</u>	<u>2,906,998</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	77,837	48,638
<b>Adjustment for:</b>		
Depreciation charges	153,682	143,439
Decrease/(increase) in stocks	91	(2,415)
Decrease/(increase) in debtors	27,573	(26,571)
Decrease/(increase) in creditors	(43,029)	103,325
Capital grants from DfE	(178,708)	(154,510)
Defined benefit pension scheme cost less contributions payable	33,000	4,000
Defined benefit pension scheme finance cost	11,000	14,000
<b>Net cash provided by operating activities</b>	<u>81,446</u>	<u>129,906</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	270,189	212,803
Total	<u>270,189</u>	<u>212,803</u>

**21. CAPITAL COMMITMENTS**

At 31 August 2017 the Academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>83,843</u>	<u>71,652</u>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

#### 22. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £22,209 were payable to the schemes at 31 August 2017 (2016 - £21,813) and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £110,226 (2016 - £108,237).

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. PENSION COMMITMENTS (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £92,000 (2016 - £90,000), of which employer's contributions totalled £73,000 (2016 - £71,000) and employees' contributions totalled £19,000 (2016 - £19,000). The agreed contribution rates for future years are 22.4 - 23.4% 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.

Principal actuarial assumptions:

	<b>2017</b>	2016
Discount rate for scheme liabilities	<b>2.50 %</b>	2.10 %
Rate of increase in salaries	<b>3.40 %</b>	3.10 %
Rate of increase for pensions in payment / inflation	<b>2.40 %</b>	2.10 %
Inflation assumption (CPI)	<b>2.40 %</b>	2.10 %
Commutation of pensions to lump sums	<b>50.00 %</b>	50.00 %

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

	<b>2017</b>	2016
Retiring today		
Males	<b>22.1</b>	22.2
Females	<b>24.3</b>	24.3
Retiring in 20 years		
Males	<b>23.8</b>	24.2
Females	<b>26.2</b>	26.6

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**22. PENSION COMMITMENTS (continued)**

The Academy's share of the assets in the scheme were:

	<b>Fair value at 31 August 2017 £</b>	Fair value at 31 August 2016 £
Equities	<b>604,000</b>	450,000
Bonds	<b>180,000</b>	113,000
Property	<b>72,000</b>	56,000
Cash	<b>45,000</b>	6,000
	<hr/>	<hr/>
Total market value of assets	<b>901,000</b>	625,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £14,000 (2016 - £18,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 report for fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

**Asset model**

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2016 for the year to 31 August 2017, or date of joining the fund if later).

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**22. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Current service cost	(106,000)	(75,000)
Interest income	14,000	18,000
Interest cost	(25,000)	(32,000)
	<hr/>	<hr/>
Total	<b>(117,000)</b>	<b>(89,000)</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
Opening defined benefit obligation	1,127,000	804,000
Current service cost	106,000	75,000
Interest cost	25,000	32,000
Employee contributions	19,000	19,000
Actuarial losses	169,000	197,000
Benefits paid	(14,000)	-
	<hr/>	<hr/>
Closing defined benefit obligation	<b>1,432,000</b>	<b>1,127,000</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
Opening fair value of scheme assets	625,000	433,000
Expected return on assets	14,000	18,000
Actuarial gains	184,000	84,000
Employer contributions	73,000	71,000
Employee contributions	19,000	19,000
Benefits paid	(14,000)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>901,000</b>	<b>625,000</b>
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**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions as at 31 August 2017:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount £</b>
0.5% decrease in Real Discount Rate	13%	192,000
0.5% increase in the Salary Increase Rate	3%	38,000
0.5% increase in the Pension Increase Rate	10%	149,000

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**23. OPERATING LEASE COMMITMENTS**

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

	<b>2017</b>	2016
	£	£
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	<b>840</b>	2,520
Between 1 and 5 years	-	840
Total	<b>840</b>	3,360

**24. RELATED PARTY TRANSACTIONS**

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

No related party transactions took place in either the current or prior period.

**25. CONNECTED CHARITIES**

The Kirby Muxloe Primary School Parents and Friends Association (Charity number 506666) raises money for the school and then, in line with its own board decisions, donates funds for particular projects, or assets for the benefit of the academy. The charity's net assets/reserves at 31 August 2017 were £27,516 (2016: £15,401). The charity's gross income for the year to 31 August 2017 was £16,285 (2016: £17,335), its expenditure was £7,169 (2016: £9,800) and its surplus for the year was £9,115 (2016: £7,535).

**26. MEMBERS' LIABILITY**

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