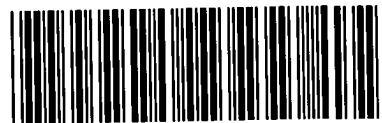


Company Registration Number: 08597878 (England & Wales)

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

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KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Lincoln Diocesan Board of Education Andrew Parker Janet Adams Philip Sharpe
Governors	Janet Adams, Vice Chair of Governors Emma Andrews Philip Drayton Katie Grivil, Headteacher Rev. Val Greene Anita Huckle, Staff Governor Glen Keeble Michelle Morton (appointed 1 July 2018) Andrew Parker, Chair of Governors Sarah Parkinson Elizabeth Regan, Staff Governor Philip Sharpe David Sykes
Company Registered Number	08597878
Company Name	Kirkby La Thorpe Church of England Primary Academy
Principal and Registered Office	Church Lane Kirkby La Thorpe Sleaford Lincs NG34 9NU
Clerk to the Governors	Charlotte Whymant
Headteacher and Accounting Officer	Katie Grivil
Senior Management Team	Katie Grivil, Headteacher Elizabeth Regan, Assistant Headteacher Caroline Bennett, Subject Leader Amanda Cook, Subject Leader
Independent Auditors	Streets Audit LLP Chartered Accountants & Statutory Auditor Tower House Lucy Tower Street Lincoln Lincs LN1 1XW
Bankers	Lloyds Bank plc 202 High Street Lincoln LN5 7AP

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Legal Adviser	Duncan A Pickering (LLB Hons) 4 Southfields Bourne Lincs PE10 9TZ
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KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 September 2017 to 31 August 2018. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The trust operates a primary academy for pupils aged from 4 to 11 serving a catchment area around Kirkby La Thorpe in Lincolnshire, England. It has a pupil capacity of 140 and had a roll of 145 in the school census on 18th January 2018.

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 governors of Kirkby La Thorpe Church of England Primary Academy are also the directors of the charitable company for the purposes of company law and the trustees for the purposes of charity law.

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

Members' Liability

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

Governors' Indemnities

The Academy has granted an indemnity to one or more of its governors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Method of Recruitment and Appointment or Election of Governors

The appointment of governors is dictated by the terms of the Memorandum and Articles. A minimum of 3 governors must be appointed by the Diocese and one of these will be the Headteacher but governors appointed by the Diocese must not exceed 25% of all governors so that determines that the Governing Body will not have less than 12 governors. The Members may appoint up to 3 governors of which 2 may be staff governors providing that the total number of staff governors, including the Headteacher, does not exceed one third of all governors. There must be at least 3 elected parent governors and if the number of candidates is less than the number of vacancies the Governing Body must appoint by a two thirds majority vote one or more parent governors to meet the minimum requirement. The Governing Body may also appoint up to 2 co-opted governors who cannot be members of staff if the number of staff governors, including the Headteacher, would then exceed one third of all governors.

Policies and Procedures Adopted for the Induction and Training of Governors

An Induction Policy has been developed for newly appointed governors. All new governors are given a tour of the Academy and the opportunity to meet with staff and pupils. They are also provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. Furthermore the Governor Induction Checklist ensures that all key areas have been outlined and addressed. The induction provided depends on the new governor's existing experience and, when necessary, will include training on charity and educational legal and financial matters. The Headteacher and Chair of Governors spend time with new governors to inform them fully of the workings of the Academy and their responsibilities. External training courses for new trustees will also be arranged according to the individual's needs and as part of the continuous training programme that all governors participate in to improve their knowledge and performance. This is particularly relevant in relation to the Academy's five year training plan for safeguarding pupils. New governors are also given login details to access the Academy's National Governors' Association membership.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Organisational Structure

The Board of Governors sets the budgets within which the Academy operates. Policies are decided or ratified by the Board. The Board monitors the corporate income and expenditure against the agreed budget and has ensured that systems are in place, including operational procedures, in order to minimise risk and to control finances. The Board has established 3 sub-committees (Groups), each with its own Chair, in which the Headteacher and certain governors participate to more closely examine particular policy and operational matters. These Groups are:

- Academic Performance which Group is also responsible for pastoral care and child protection.
- Strategic Direction including strategic investments, staff issues and marketing/community relations.
- Financial Resources which deals with finance, premises and the health & safety of all on our site.

In addition, a further Staffing and Complaints Group have been identified, should they ever be required

Each Group meets at least three times an academic year, reporting to the Board of Governors at each subsequent meeting. The Chair of each Group produces a minute after each meeting that is made available to all governors before the next Board of Governors meeting.

The Board has delegated the day to day running of the Academy to the Headteacher who is also the Accounting Officer. The Academy has appointed a Bursar, who reports to the Headteacher, to oversee the day to day operation of its finances and to prepare budget proposals, expenditure to budget comparisons and premises reports for consideration at the Financial Resources Group meetings which the Bursar attends.

The Headteacher's senior management team comprises an Assistant Headteacher and two Subject Leader teachers with particular responsibility for raising teaching and pupil performance in maths and literacy.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Pay and remuneration of key management personnel is addressed through the Academy's Performance Management Policy, comprising of a two tier system relating to the seniority of the position.

For the Headteacher, three members of the Board (including the Chair), and an external Consultant, are involved in evaluating and monitoring the Headteacher's performance against her identified targets. Based on the evidence provided, a recommendation is made to the full Board as to whether the Headteacher should be remunerated for her performance. The Board then decide upon 0, 1 or 2 points pay progression. The Headteacher's performance management takes place on an annual basis, completed by 31 December each year.

The Headteacher is responsible for evaluating and monitoring the performance of the Assistant Headteacher, and additional members of the senior management team. Staff provide evidence against their identified targets, with the Headteacher deciding whether targets have been met. The Headteacher makes recommendations to the Strategic Direction Panel as to pay and remuneration. Annual performance management reviews take place by 31 October.

Related Parties and Other Connected Charities and Organisations

Governors and senior management complete annual declarations of business interests and are invited to declare any new business interests at the start of every Board of Governors meeting. The declarations of interest are held on file in school and are available for inspection. The information is also published on the Academy's website.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and Activities

Objects and Aims

The principal activity of the Academy, as set out in its Articles of Association and funding agreement with the Secretary of State, is the operation of Kirkby La Thorpe Church of England Primary Academy to provide education for pupils of different abilities between the ages of 4 and 11.

Objectives, Strategies and Activities

To manage, maintain and develop a school with a designated Church of England religious character that offers a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Funding Agreement) and having regard to any advice from the Diocesan Board of Education.

To further improve the quality of leadership and teaching so that all pupils make good or better progress and to build upon the already good levels of behaviour and safety of all pupils at school which contribute to their positive attitudes towards learning.

Public Benefit

The governors have reviewed the objectives and activities of the Academy detailed above and are satisfied that they are for the public benefit as detailed in the Charity Commission guidance note on the subject.

Achievements and Performance

Key Performance Indicators

70.6% of Foundation Stage pupils attained a Good Level of Development. This figure is lower than last years, but only slightly behind the national figure of 71.6%, and is higher than the Lincolnshire figure of 69.1%.

In relation to the Year 1 phonics screening check, performance also decreased slightly, however, there were two pupils with Education Health Care Plans in this cohort, which affected the data. 75% pupils met the expected level, compared to Lincolnshire data of 81.4% and the National figure of 82.5%. With each of our pupils representing 5%, we were close to both of these averages.

In Key Stage 1 reading improved from 2017, with 75% pupils attaining the expected level in reading, which is in line with the National figure of 75.5%. 35% of the cohort were also working at greater depth, higher than both Lincolnshire and National figures of 23.4% and 25.7% respectively. Writing attainment was also slightly higher than National and Lincolnshire data at both expected and greater depth levels, at 75% and 20% (National, expected: 70%; Lincolnshire, expected: 66.9%; National, greater depth: 15.9%; Lincolnshire, greater depth: 14.6%). In addition, attainment in Maths was also higher than National and Lincolnshire, for both expected and greater depth levels, at 85% and 25% (National, expected: 76.1%; Lincolnshire, expected: 73.5%; National, greater depth: 21.8%; Lincolnshire, greater depth: 19.3%)

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

At Key Stage 2 attainment in reading significantly increased at both expected and greater depth levels. 72.7% attained expected levels, which was almost in line with the National figure of 75.3% and higher than Lincolnshire at 71.4%. 31.8% attained greater depth, compared to 28.15 nationally and 24.7 in Lincolnshire. Attainment in writing increased for the third year, at both expected and greater depth levels. 77.3% attained expected, broadly in line with the National figure of 78.3% and above Lincolnshire at 75.5%. At greater depth, 22.7% attained this level, compared to 19.8% nationally and 18.2% for Lincolnshire. Attainment in Maths was lower at both expected and greater depth levels compared to National data, with 72.7% of pupils attaining the expected level compared to 75.6% nationally and 18.2% compared to 23.6%. Compared to Lincolnshire, the percentage at expected levels was slightly higher than the county figure of 71, and was broadly in line with the Lincolnshire figure of 18.1%. The percentage of pupils attaining the expected level in reading, writing and maths combined, improved for the third consecutive year to 63.6% compared to 64.4% nationally and 59.4% in Lincolnshire. The percentage of pupils working at a higher level in all three areas was 9.1% compared to 9.8% nationally and 9.1% for Lincolnshire. Progress from Key Stage 1 assessments was strongest in writing at -0.5, followed by maths at -0.8 and reading at -2.1. In Analyse School Performance documentation, such progress is classified at 'average' in all three subject areas.

In September 2016 the Academy received its first Ofsted Inspection. The rigorous inspection which took place over two days judged the school as 'good' in all areas, supporting the Academy's previous inspection as a good school. The outcome of the inspection further validates the value for money the Academy provides.

The number of pupils on roll by the end of this academic year had increased to 147, with a number of pupils joining the Academy from neighbouring schools, and from new families moving into the area. Attendance for 2017/18 was 96.3%. This is slightly lower than the national figure of 97%. This is an area that the Academy intends to address in 2018/19.

Going Concern

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

Financial Review

The largest proportion of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of the General Annual Grant (GAG) the use of which is restricted to particular purposes. Grants received from the ESFA during the year are reported and the associated expenditure are both shown as restricted funds in the statement of financial activities.

A number of income and expenditure changes affected the budget throughout this academy year. Excluding actuarial losses, the Academy results show net resources received of £4,325.

Overall, the Academy's balance sheet shows a deficit of £58,049 of which £118,000 relates to the LGPS deficit. The Academy holds Restricted Funds of £33,616 and £26,335 of Unspent Devolved Formula Capital and Fixed Assets.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Reserves Policy

The governors review the reserve levels of the Academy on an annual basis, or more frequently if deemed necessary. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The governors have determined that the appropriate level of free cash revenue reserves should be around one month's GAG income, approximately £45,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and also to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of free cash revenue reserves is £33,616 in addition to which the Academy holds capital reserves of £7,124 and will make appropriate transfers from revenue to capital reserves to ensure that adequate balances of funds are set aside to meet planned capital expenditure in future.

Of the total restricted fixed asset fund of £26,335, £19,211 can only be realised through the disposal of assets

Investment Policy

Should the level of free cash reserves held by the Academy exceed that which is necessary to service its ongoing working capital needs, the governors, with reference to the short and longer term forecasts will consider investment of any excess funds over an appropriate period to maximise the return of any such surplus funds while ensuring that risk is avoided insofar as it is possible.

Principal Risks and Uncertainties

The Academy has carried out its annual, extensive risk assessment based on the ESFA model. The risks are categorised into various headings to permit the governors to analyse specific risks in detail. The predominant risks are given below:

Strategic and Reputation Risks

1. Competition risk: we need to remain focussed on maintaining our good reputation within the local community to ensure that parents of future children starting school in our catchment area and beyond it see the Academy as a great learning establishment with other important features that set us apart from other schools to which those children might otherwise be sent.
2. Public Profile risk: Governors, staff and pupils must maintain the Academy's concern for the health and safety of all who come onto our site and for our pupils when they go off site on trips. The Academy retains external advisors who inform it when procedures need to improve or when there are new rules to comply with and together with the premises, health and safety functions of the Financial Resources Group of Governors, every precaution is taken to avoid incidents that could generate bad publicity and discourage parents from sending their children to the Academy.
3. Board of Governors risk: the Board has approved a detailed Scheme of Delegation that minimises the risk that too little or too much delegation within sub-committees (Groups) or between the Board and those Groups or members of staff could result in errors or omissions that may damage the Academy's reputation. To ensure that all governors are kept informed the work of each Group is reported verbally by its Chair to the next Board meeting and made available to every governor by publication of the minutes of each Group meeting before that Board meeting.

Operational Risks

Management risk: currently the senior management team experience is more than sufficient for most tasks. That position will be reviewed if more demanding tasks are set by the ESFA.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial Risks and Management

To minimise the overall financial risks to the Academy, the Governors, with the Headteacher, ensure that the following systems are in place to promote financial challenge and accountability at all levels:

- an accurate and up-to-date Financial Handbook, which reflects the most recent requirements outlined by the ESFA;
- clear levels of delegated financial responsibility, as outlined in the Handbook, which are enforced through the finance software employed by the Academy;
- circulation of timely, accurate and up-to-date management accounts, directly from the finance software; and
- the introduction of the balance sheet report, to be circulated to the Financial and General Purposes Group with the management accounts, to ensure that Group has an accurate oversight of the Academies financial position.

Fundraising

The Academy has raised funds for its use in a number of ways this year. It has received donations from two charitable organisations (Tesco and the Waynflete Charity), both of which have been used to purchase substantial items, such as a new trim trail and upgrading the ICT suite respectively.

In addition, it relies upon donations from the parents/carers and local community in terms of supporting school led events, such as: a sponsored spell; supporting our book fair; parents/carers purchasing Christmas card made by their children; and general donations.

Finally, the Academy has a 'Friends of School' who are an active group of parents/carers who arrange events such as the Kirkby Bake Off, Christmas Fair, and Summer Fair. FOS have donated a large amount of raised funds to the Academy this year contributing to the purchase of the trim trail.

Plans for Future Periods

Each year the Academy reviews and develops its School Development Plan the priorities of which in 2018/19 will be:

Priority 1

To embed reading strategies, to accelerate pupils' progress in reading comprehension so that:

- progress measures for KS1 and 2 KS2 are 0.0; and
- attainment in Reception and Y2 is in line with national figures (EYFS: 77.1%; Y2 – 75.5%) and at least 70% of Y6 attain the expected level by the end of the year, and 20% attaining 110.

Priority 2

To continue to improve the quality of learning to accelerate pupils' progress in the application of their mathematical knowledge, so that:

- progress measures for KS1 and KS2 are 0.0 or above; and
- attainment in Reception, Y2 and Y6 is in line with national figures (EYFS - 77.9% combined; KS1 - 76.2%; KS2 – 76).

Priority 3

To continue to build on the progress in writing at KS1 and 2, to ensure that attainment remains in line with national figures.

- progress measures for KS1 and KS2 are 0.0 or above; and
- attainment in Reception and Y2, is in line with national figures (EYFS: 73.3%; Y2 – 70%) and 70% of Y6 attaining the expected level by the end of the year.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Priority 4

To review and update the KLT curriculum to ensure:

- a curriculum that is relevant to all pupils, engaging them in their learning and preparing them for the next stage in their learning; and
- the implementation of the updated SIAMs framework (Autumn 2018).

Priority 5

To ensure that a clear timetable for monitoring and review is established for all statutory documents, policies and checks, promoting best practice, including estate management.

The Academy will continue to work within its established collaborative partnership, developing monitoring and evaluation activities to ensure high standards across all of the schools within the cluster. Principals and Subject Leaders from all of these schools will exchange experience, observe lessons at schools other than their own and hold peer review meetings to identify strengths that can be transferred and weaknesses that can be addressed to improve the performance of this Academy and the other partner schools.

As identified in the Academy's most recent Ofsted report, it intends to further develop its leadership systems, so that middle leaders play a full part in monitoring all aspects of the subjects for which they have responsibility, and report regularly to governors on the progress of actions taken. This will then enable the Board to hold leaders precisely to account in relation to the outcomes of different groups of pupils.

In the short term there are no plans to invest in important new facilities at the Academy but if funding can be obtained from the ESFA's Condition Improvement Fund or elsewhere the Academy's priority will continue to be to replace the one remaining mobile classroom with a permanent new classroom.

Auditor

Insofar as the governors are aware:

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

The governors' report, incorporating a strategic report, was approved by order of the Governing Body, as the company directors, on 11 December 2018 and signed on the board's behalf by:



Andrew Parker, Chair of Governors

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Governors has delegated the day-to-day responsibility to the 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 Kirkby La Thorpe Church of England Primary Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of governors' responsibilities. The Board of Governors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Janet Adams, Vice Chair of Governors	4	4
Emma Andrews	2	4
Philip Drayton	3	4
Katie Gravil, Headteacher	4	4
Rev. Val Greene	3	4
Anita Huckle, Staff Governor	4	4
Glen Keeble	2	4
Michelle Morton	1	1
Andrew Parker, Chair of Governors	4	4
Sarah Parkinson	4	4
Elizabeth Regan, Staff Governor	4	4
Philip Sharpe	4	4
David Sykes	2	4

Governance reviews:

The Board of Governors met on 4 occasions during the year, with each of the 3 subgroups meeting on 3 occasions also. Governors have attended a number of training events to support them in their roles and responsibilities. These have included: the Chair and Vice Chair working with staff on two training days at the start of the academic year to carry out a SWOT analysis of the Academy; the Foundation Governor attending training on the updated SIAMS framework; Governors completing eLearning units on child abuse, fire safety, sexual exploitation and PREVENT; a group of Governors attending an event led by Lincoln Diocese regarding the future of Church School academies; GDPR training by our Data Protection Officer/Governor; and training on end of Key Stage expectations for Key stage 1 and 2.

The School Development Plan, the Governor Competency Framework and Good Estate Management for Schools will be used throughout the year to focus and further develop the knowledge and skills required by the Governors to fulfil their duties. Training is in place for the forthcoming year for Governors, including: training on FGM, domestic abuse and safeguarding children, and Inspection Data Summary Report, enabling Governors to better support, challenge and question the Headteacher and Senior Leadership Team.

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GOVERNANCE STATEMENT (continued)

The Financial Resources Group is a sub-committee of the main Governing Body.

Its main purpose is to support the Accounting Officer and the Bursar in their day to day running of the financial affairs of the Academy and to oversee its systems of financial control. In particular it considers management reports to review actual expenditure and income against the budget and is responsible for the annual review of both the Financial Handbook and the Risk Assessments, making recommendations for any changes to the Board of Governors. Oversight of the financial systems is assisted by reports from an external accountancy firm, who check, when requested, how the systems have been operating during the year. The Group performs the function of an audit committee.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Philip Sharpe, Chair for first meeting	3	3
Philip Drayton	3	3
Katie Grivil	3	3
Andrew Parker	3	3
Sarah Parkinson, Chair for second two meetings	3	3

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 Governors 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:

- Managing staffing costs to maximise learning. Due to pupil numbers in the Academy's infant classes, an additional third teacher has been in post for 2017/18. This has ensured smaller teaching groups for the core subjects of English and Maths, improving adult to pupil ratios, and increasing learning opportunities and attainment levels.
- Minimising supply costs through the use of Teaching Assistants. Where supply cover has been required for short periods of time, either the Headteacher or experienced Teaching Assistants have been employed at a higher rate of pay to cover such classes.
- Review of financial systems. The new Bursar, with significant accounting experience has thoroughly reviewed finance systems to ensure that accurate and transparent reporting systems are in place to report to the Accounting Officer and Board.

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GOVERNANCE STATEMENT (continued)

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 Kirkby La Thorpe Church of England Primary Academy for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Governors 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 Governors 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

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

The Board of Governors has considered the need for a specific internal audit function and has decided to appoint Streets Audit LLP 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;
- reconciliation of income received to source documents and bank statements; and
- testing of petty cash receipts.

On an annual basis, the auditor reports to the Board of Governors through the Financial Resources Group on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
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GOVERNANCE STATEMENT (continued)

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 Financial Resources Group and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 11 December 2018 and signed on their behalf, by:



Andrew Parker, Chair of Governors



Katie Gravi, Headteacher
Accounting Officer


KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Kirkby La Thorpe Church of England Primary Academy I have considered my responsibility to notify the academy trust Governing Body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

I confirm that I and the academy trust Governing Body 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 2017.

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 Governing Body and ESFA.



Katie Grivil
Accounting Officer

Date: 11 December 2018

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who act as trustees of Kirkby La Thorpe Church of England Primary Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Governors on 11 December 2018 and signed on its behalf by:



Andrew Parker, Chair of Governors

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KIRKBY
LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY**

OPINION

We have audited the financial statements of Kirkby La Thorpe Church of England Primary Academy (the 'Academy') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors 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.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KIRKBY
LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY**

OTHER INFORMATION

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

In connection with our audit of the 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 Governors' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report and the Strategic 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 Governors' report including the Strategic report.

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

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

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KIRKBY
LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of governors' responsibilities, the governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors 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 governors either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' 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. This description forms part of our Auditors' report.

USE OF OUR REPORT

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants & Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
Lincs
LN1 1XW
18 December 2018

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kirkby La Thorpe Church of England Primary Academy during the year 1 September 2017 to 31 August 2018 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 Kirkby La Thorpe Church of England Primary Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kirkby La Thorpe Church of England Primary Academy 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 Kirkby La Thorpe Church of England Primary Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Kirkby La Thorpe Church of England Primary Academy's funding agreement with the Secretary of State for Education dated 1 December 2013, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering / quotation procedures had been followed in line with the Academy finance policy; and
- a review of the Internal Audit reports.

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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Robert Anderson

Streets Audit LLP

Chartered Accountants & Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
Lincs
LN1 1XW

18 December 2018

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	12,050	12,160	24,210	5,496
Charitable activities	3	41,608	656,594	-	698,202	655,466
Other trading activities	4	2,664	-	-	2,664	1,479
Investments	5	38	-	-	38	46
TOTAL INCOME		44,310	668,644	12,160	725,114	662,487
EXPENDITURE ON:						
Charitable activities		44,310	672,328	5,449	722,087	727,376
TOTAL EXPENDITURE	6	44,310	672,328	5,449	722,087	727,376
NET BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		-	(3,684)	6,711	3,027	(64,889)
Actuarial gains on defined benefit pension schemes	19	-	55,000	-	55,000	191,000
NET MOVEMENT IN FUNDS		-	51,316	6,711	58,027	126,111
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(135,700)	19,624	(116,076)	(242,187)
TOTAL FUNDS CARRIED FORWARD		-	(84,384)	26,335	(58,049)	(116,076)

The notes on pages 24 to 44 form part of these financial statements.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08597878

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		19,211		2,044
CURRENT ASSETS					
Debtors	13	34,276		26,595	
Cash at bank and in hand		68,125		52,471	
		<u>102,401</u>		<u>79,066</u>	
CREDITORS: amounts falling due within one year	14	(61,661)		(55,186)	
NET CURRENT ASSETS			40,740		23,880
TOTAL ASSETS LESS CURRENT LIABILITIES			59,951		25,924
Defined benefit pension scheme liability	19		(118,000)		(142,000)
NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES			<u>(58,049)</u>		<u>(116,076)</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	33,616		6,300	
Restricted fixed asset funds	15	26,335		19,624	
		<u>59,951</u>		<u>25,924</u>	
Restricted income funds excluding pension liability					
Pension reserve		(118,000)		(142,000)	
		<u>(58,049)</u>		<u>(116,076)</u>	
Total restricted income funds			(58,049)		(116,076)
TOTAL DEFICIT			<u>(58,049)</u>		<u>(116,076)</u>

The financial statements on pages 21 to 44 were approved by the governors, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:


Andrew Parker, Chair of Governors


Katie Grivil, Headteacher

The notes on pages 24 to 44 form part of these financial statements.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	17	<u>19,073</u>	<u>(20,993)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(15,579)	-
Capital grants from ESFA and other sources		<u>12,160</u>	<u>5,496</u>
Net cash (used in)/provided by investing activities		<u>(3,419)</u>	<u>5,496</u>
Change in cash and cash equivalents in the year		15,654	(15,497)
Cash and cash equivalents brought forward		<u>52,471</u>	<u>67,968</u>
Cash and cash equivalents carried forward	18	<u><u>68,125</u></u>	<u><u>52,471</u></u>

The notes on pages 24 to 44 form part of these financial statements.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kirkby La Thorpe Church of England Primary Academy 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 governors.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

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.

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. 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.

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

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,500 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Property Improvement	-	Straight Line over 10 Years
Computer equipment	-	Straight Line over 3 Years

Assets in the course of installation are included at cost. Depreciation on these assets is not charged until they are complete and brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities 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 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.

1.9 Debtors

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

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 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 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.

1.12 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 detailed in note 13. Prepayments are not financial instruments.

Cash at bank and in hand - 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 costs as detailed in note 14. 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 instruments.

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 19, 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.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

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

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

1.14 Critical accounting estimates and areas of judgment

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.

Critical accounting estimates and assumptions:

The Academy 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.

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation and any impairment. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the Academy's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

KIRKBY LA THORPE CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total 2018 £	Total 2017 £
Donations	-	12,050	6,540	18,590	-
Capital Grants	-	-	5,620	5,620	5,496
	-	12,050	12,160	24,210	5,496
<i>Total 2017</i>	-	-	5,496	5,496	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
ESFA Grants				
General Annual Grant (GAG)	-	541,604	541,604	520,640
Other ESFA Grants	-	67,679	67,679	55,737
	-	609,283	609,283	576,377
Other Government Grants				
Local Authority Income	-	47,311	47,311	41,000
	-	47,311	47,311	41,000
Other Funding				
Other Income	41,608	-	41,608	38,089
	41,608	-	41,608	38,089
	41,608	656,594	698,202	655,466
<i>Total 2017</i>	38,089	617,377	655,466	

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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Hire of Facilities	382	-	382	459
Insurance Claims	2,282	-	2,282	1,020
	<u>2,664</u>	<u>-</u>	<u>2,664</u>	<u>1,479</u>
<i>Total 2017</i>	<u>1,479</u>	<u>-</u>	<u>1,479</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Bank Interest Received	38	-	38	46
	<u>46</u>	<u>-</u>	<u>46</u>	
<i>Total 2017</i>	<u>46</u>	<u>-</u>	<u>46</u>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations:					
Direct Costs	487,824	-	30,623	518,447	515,563
Support Costs	81,967	35,049	86,624	203,640	211,813
	<u>569,791</u>	<u>35,049</u>	<u>117,247</u>	<u>722,087</u>	<u>727,376</u>
<i>Total 2017</i>	<u>573,461</u>	<u>38,968</u>	<u>114,947</u>	<u>727,376</u>	

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7. CHARITABLE ACTIVITIES

	Total 2018 £	Total 2017 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teachers and Educational Support Staff Salaries	387,607	387,753
Teachers and Educational Support Staff National Insurance	33,762	29,909
Teachers and Educational Support Staff Pension	64,567	67,549
Educational Supplies	13,651	15,963
Staff Development	5,288	4,171
Educational Consultancy	13,572	8,470
Other Direct Costs	-	1,748
	<u>518,447</u>	<u>515,563</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support Staff Salaries	45,419	47,383
Support Staff National Insurance	677	1,107
Support Staff Pension	35,871	38,012
Depreciation	5,449	256
Pension Finance Cost	4,000	7,000
Maintenance	24,427	15,680
Rates	2,791	2,611
Insurance	5,346	12,276
Water	1,474	1,565
Heat and Light	7,744	6,836
Catering	28,492	31,243
Educational Visits	14,497	15,620
Other Support Costs	21,453	24,524
Governance Costs	6,000	7,700
	<u>203,640</u>	<u>211,813</u>
	<u><u>722,087</u></u>	<u><u>727,376</u></u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the Academy	5,449	256
Auditors' remuneration - audit	2,900	2,750
Auditors' remuneration - other services	3,100	3,150
Operating lease rentals	1,960	1,920
	<u><u>1,960</u></u>	<u><u>1,920</u></u>

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9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	433,026	435,136
Social security costs	34,439	31,016
Operating costs of defined benefit pension schemes	100,438	105,561
	<u>567,903</u>	<u>571,713</u>
Supply staff costs	1,888	1,748
	<u><u>569,791</u></u>	<u><u>573,461</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	10	9
Administration and Support	22	16
Management	1	1
	<u>33</u>	<u>26</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	8	8
Administration and Support	9	8
Management	1	1
	<u>18</u>	<u>17</u>

No employee received remuneration amounting to more than £60,000 in either year.

c. Key management personnel

The key management personnel of the Academy comprise the staff governors and senior management team on page 1. The total of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £231,000 (2017 - £205,000).

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10. GOVERNORS' REMUNERATION AND EXPENSES

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

		2018	2017
		£	£
Katie Grivil, Headteacher	Remuneration	55,000-60,000	<i>40,000-45,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
Elizabeth Regan, Staff Governor	Remuneration	45,000-50,000	<i>45,000-50,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
Anita Huckle, Staff Governor	Remuneration	20,000-25,000	<i>20,000-25,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>

During the year, no governors received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, no governors received any reimbursement of expenses (2017 - £NIL to no governors).

11. GOVERNORS' 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 governors and officers indemnity element from the overall cost of the RPA scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
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12. TANGIBLE FIXED ASSETS

	Property Improvement £	Computer Equipment £	Total £
Cost			
At 1 September 2017	2,555	-	2,555
Additions	7,037	15,579	22,616
At 31 August 2018	9,592	15,579	25,171
Depreciation			
At 1 September 2017	511	-	511
Charge for the year	256	5,193	5,449
At 31 August 2018	767	5,193	5,960
Net book value			
At 31 August 2018	8,825	10,386	19,211
At 31 August 2017	2,044	-	2,044

The land and buildings from which the Academy operates are owned by the Lincoln Diocesan Trust and Board of Finance Limited and used under the terms of a supplemental agreement. The terms of the agreement do not transfer the benefits of ownership to the Academy and, consequently, the value of these assets has not been recognised in the financial statements. The valuation obtained by the ESFA was £1,368,000 of which £159,000 relates to land.

13. DEBTORS

	2018 £	2017 £
Trade debtors	529	-
VAT recoverable	6,516	3,448
Prepayments and accrued income	27,231	23,147
	34,276	26,595

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14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	9,042	17,977
Other taxation and social security	16,575	8,548
Other creditors	11,188	9,927
Accruals and deferred income	24,856	18,734
	<u>61,661</u>	<u>55,186</u>
	2018 £	2017 £
Deferred income		
Deferred income at 1 September	13,334	12,936
Resources deferred during the year	12,364	13,334
Amounts released from previous years	(13,334)	(12,936)
Deferred income at 31 August	<u>12,364</u>	<u>13,334</u>

At the year end, the Academy had received funds in advance relating to Universal Infant Free School Meals and Rates Relief.

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted Funds						
General Funds	-	44,310	(44,310)	-	-	-
Restricted Funds						
General Annual Grant (GAG)	1,240	541,604	(514,298)	-	-	28,546
Other ESFA Grants	5,060	67,679	(67,669)	-	-	5,070
Other Government Income	-	47,311	(47,311)	-	-	-
Other Donations	-	12,050	(12,050)	-	-	-
Pension Reserve	(142,000)	-	(31,000)	-	55,000	(118,000)
	<u>(135,700)</u>	<u>668,644</u>	<u>(672,328)</u>	<u>-</u>	<u>55,000</u>	<u>(84,384)</u>
Restricted Fixed Asset Funds						
DFC Grants Unspent	17,580	5,620	-	(20,116)	-	3,084
Assets Acquired with ESFA Funding	2,044	-	(5,449)	22,616	-	19,211
Donations	-	6,540	-	(2,500)	-	4,040
	<u>19,624</u>	<u>12,160</u>	<u>(5,449)</u>	<u>-</u>	<u>-</u>	<u>26,335</u>
Total restricted funds	<u>(116,076)</u>	<u>680,804</u>	<u>(677,777)</u>	<u>-</u>	<u>55,000</u>	<u>(58,049)</u>
Total of funds	<u><u>(116,076)</u></u>	<u><u>725,114</u></u>	<u><u>(722,087)</u></u>	<u><u>-</u></u>	<u><u>55,000</u></u>	<u><u>(58,049)</u></u>

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

Unrestricted Funds

All funds relate to those resources which may be used towards meeting any of the objects of the Academy at the discretion of the governors.

Restricted Funds

General Annual Grant (GAG) - made up of a number of different funding streams from the ESFA, all of which are to be used to cover the running costs of the Academy.

Other ESFA Grants - represent ESFA grants received for specific purposes.

Other Government Income - represents income received for specific purposes.

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15. STATEMENT OF FUNDS (continued)

Pension Reserve - represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Restricted Fixed Asset Funds

DFC Grants Unspent - represents unspent grants received for which the specific purpose of capital expenditure has been imposed by the funder.

Assets Acquired with ESFA Funding - represents the net book value of assets acquired using ESFA Capital Income.

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 2018.

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
Unrestricted Funds						
General Funds	-	39,614	(39,614)	-	-	-
Restricted Funds						
General Annual Grant (GAG)	35,732	520,640	(555,132)	-	-	1,240
Other ESFA Grants	3,697	55,737	(54,374)	-	-	5,060
Other Government Income	-	41,000	(41,000)	-	-	-
Pension Reserve	(296,000)	-	(37,000)	-	191,000	(142,000)
	<u>(256,571)</u>	<u>617,377</u>	<u>(687,506)</u>	<u>-</u>	<u>191,000</u>	<u>(135,700)</u>
Restricted Fixed Asset Funds						
DFC Grants Unspent	12,084	5,496	-	-	-	17,580
Assets Acquired with ESFA Funding	2,300	-	(256)	-	-	2,044
	<u>14,384</u>	<u>5,496</u>	<u>(256)</u>	<u>-</u>	<u>-</u>	<u>19,624</u>
Total restricted funds	<u>(242,187)</u>	<u>622,873</u>	<u>(687,762)</u>	<u>-</u>	<u>191,000</u>	<u>(116,076)</u>
Total of funds	<u>(242,187)</u>	<u>662,487</u>	<u>(727,376)</u>	<u>-</u>	<u>191,000</u>	<u>(116,076)</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted Funds						
General Funds	-	83,924	(83,924)	-	-	-
Restricted Funds						
General Annual Grant (GAG)	35,732	1,062,244	(1,069,430)	-	-	28,546
Other ESFA Grants	3,697	123,416	(122,043)	-	-	5,070
Other Government Income	-	88,311	(88,311)	-	-	-
	-	12,050	(12,050)	-	-	-
Pension Reserve	(296,000)	-	(68,000)	-	246,000	(118,000)
	<u>(256,571)</u>	<u>1,286,021</u>	<u>(1,359,834)</u>	<u>-</u>	<u>246,000</u>	<u>(84,384)</u>
Restricted Fixed Asset Funds						
DFC Grants Unspent	12,084	11,116	-	(20,116)	-	3,084
Assets Acquired with ESFA Funding	2,300	-	(5,705)	22,616	-	19,211
Donations	-	6,540	-	(2,500)	-	4,040
	<u>14,384</u>	<u>17,656</u>	<u>(5,705)</u>	<u>-</u>	<u>-</u>	<u>26,335</u>
Total restricted funds	<u>(242,187)</u>	<u>1,303,677</u>	<u>(1,365,539)</u>	<u>-</u>	<u>246,000</u>	<u>(58,049)</u>
Total of funds	<u><u>(242,187)</u></u>	<u><u>1,387,601</u></u>	<u><u>(1,449,463)</u></u>	<u><u>-</u></u>	<u><u>246,000</u></u>	<u><u>(58,049)</u></u>

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	19,211	19,211
Current assets	-	95,277	7,124	102,401
Creditors due within one year	-	(61,661)	-	(61,661)
Provisions for liabilities and charges	-	(118,000)	-	(118,000)
	-	(84,384)	26,335	(58,049)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	2,044	2,044
Current assets	-	61,486	17,580	79,066
Creditors due within one year	-	(55,186)	-	(55,186)
Provisions for liabilities and charges	-	(142,000)	-	(142,000)
	-	(135,700)	19,624	(116,076)

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

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	3,027	(64,889)
Adjustment for:		
Depreciation charges	5,449	256
(Increase)/decrease in debtors	(7,716)	1,186
(Decrease)/increase in creditors	(527)	10,950
Capital grants from ESFA and other sources	(12,160)	(5,496)
Defined benefit pension scheme cost less contributions payable	23,000	30,000
Defined benefit pension scheme finance cost	8,000	7,000
Net cash provided by/(used in) operating activities	19,073	(20,993)

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18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	68,125	52,471
Total	<u>68,125</u>	<u>52,471</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. 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 Lincolnshire 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 £9,015 were payable to the schemes at 31 August 2018 (2017 - 9,385) 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.
- 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%.

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 £44,000 (2017 - £47,000).

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19. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £37,000 (2017 - £36,000), of which employer's contributions totalled £29,000 (2017 - £29,000) and employees' contributions totalled £8,000 (2017 - £7,000). The agreed contribution rates for future years are 19.4% for employers and a maximum of 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:

	2018	2017
Discount Rate	2.80 %	2.50 %
Salary Increase Rate	2.80 %	2.80 %
Pension Increase Rate	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1 years	22.1 years
Females	24.4 years	24.4 years
Retiring in 20 years		
Males	24.1 years	24.1 years
Females	26.6 years	26.6 years

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity Analysis - Effect on Obligation		
0.5% Decrease in Discount Rate	53,000	62,000
0.5% Increase in Salary Increase Rate	9,000	20,000
0.5% Increase in Pension Increase Rate	44,000	40,000

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19. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	306,000	278,500
Bonds	63,000	43,000
Property	46,000	32,000
Cash	4,000	3,500
	<u>419,000</u>	<u>357,000</u>
Total market value of assets	<u>419,000</u>	<u>357,000</u>

The actual return on scheme assets was £30,000 (2017 - £75,000).

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

	2018 £	<i>2017 £</i>
Current service cost	(56,000)	(59,000)
Interest income	9,000	5,000
Interest cost	(13,000)	(12,000)
	<u>(60,000)</u>	<u>(66,000)</u>
Total	<u>(60,000)</u>	<u>(66,000)</u>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	499,000	546,000
Current service cost	56,000	59,000
Interest cost	13,000	12,000
Employee contributions	8,000	7,000
Changes in assumptions	(34,000)	(121,000)
Benefits paid	(5,000)	(4,000)
	<u>537,000</u>	<u>499,000</u>
Closing defined benefit obligation	<u>537,000</u>	<u>499,000</u>

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19. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	357,000	250,000
Interest income	9,000	5,000
Return on assets excluding amounts included in net interest	21,000	70,000
Employer contributions	29,000	29,000
Employee contributions	8,000	7,000
Benefits paid	(5,000)	(4,000)
	<u>419,000</u>	<u>357,000</u>
Closing fair value of scheme assets	<u>419,000</u>	<u>357,000</u>

20. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	1,960	1,960
Between 1 and 5 years	-	1,960
	<u>1,960</u>	<u>3,920</u>
Total	<u>1,960</u>	<u>3,920</u>

21. CONTINGENT LIABILITIES

In the event of Kirkby La Thorpe Church of England Primary Academy ceasing to operate as an academy, provisions are included in the funding agreement relating to the clawback of assets and monies paid to the Academy.

22. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

23. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.