

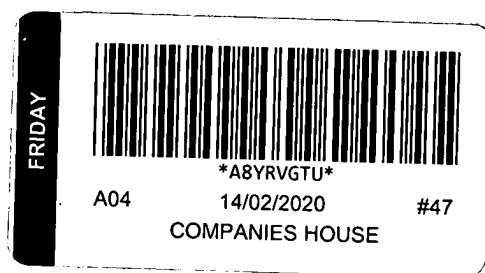
Company Registered number: 08702056
(England & Wales)

KIRBY MUXLOE PRIMARY SCHOOL

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



KIRBY MUXLOE PRIMARY SCHOOL

(A Company Limited by Guarantee)

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KIRBY MUXLOE PRIMARY SCHOOL

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REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2019

Members

Steve Goddard
Kerrie Grant
David Thomas
Peter Waite
Chris Woodall

Trustees

Kate Austen
Ian Biggs (Appointed 11 August 2018)
Yvonne Connolly (Appointed 21 May 2019)
Steve Goddard (Chair of Trustees)
Kerrie Grant
Jatinder Hanspal
Elliot Howles (Headteacher and Accounting Officer)
Tracey Hutchinson
Laura Kenney (Staff Trustee)
Rabinder Singh Lail (Appointed 21 May 2019)
David Thomas (Chair of Resources Committee)
Victoria Jones (Resigned 11 June 2019)

Senior Leadership Team

Elliot Howles	Headteacher
Nicholas Holt	Deputy Headteacher
Sharon Jackson	Assistant Headteacher
Helene Fisher	(SEN- SLT)
Danielle Orton	(SLT)
Petrina Horne	Business Manager

Company Name

Kirby Muxloe Primary School

Principal and Registered Office

Barwell Road
Kirby Muxloe
Leicester
LE9 2AA

Company Registered Number

08702056 (England & Wales)

Company Secretary

Petrina Horne (appointed 30 November 2018)

KIRBY MUXLOE PRIMARY SCHOOL

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REFERENCE AND ADMINISTRATIVE DETAILS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Independent Auditor

MHA MacIntyre Hudson
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Bankers

Lloyds Bank Plc
145 Narborough Road
Leicester
LE3 0PB

Solicitors

Howes Percival Solicitors
3 The Osiers Business Centre
Leicester
LE19 1DX

KIRBY MUXLOE PRIMARY SCHOOL

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TRUSTEES REPORT FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Academy Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Kirby Muxloe. It has a pupil capacity of 385 and had a roll of 394 in the school census on 3 October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

The Trustees of Kirby Muxloe Primary School are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Kirby Muxloe Primary School.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on pages 1.

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

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

KIRBY MUXLOE PRIMARY SCHOOL

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TRUSTEES REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Policies and Procedures Adopted for the Induction and Training of Trustees

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

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

Organisational Structure

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

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

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

Arrangements for setting pay and remuneration of key management personnel

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

Related Parties and other Connected Charities and Organisations

Enrich Partnership is a collaboration between the local primary schools who are the feeder schools for the local high school and college. There are two main aims of the partnership, to provide enrichment opportunities across the schools and age ranges for pupils and to provide a highly effective transition programme for pupils in Year 6. The Headteacher is a member of this local partnership and regularly attends a range of local and countywide meetings to enable him to keep up to date with current educational policies and practice and network with other schools to share expertise, knowledge and experience.

The school is also a member of the STEP Teaching School Alliance and this provides access to subject and leader network meetings, national updates, training and moderation.

The school has a connected charity, Kirby Muxloe Primary School PFA, which was established for the purpose of supporting the school in a manner as determined by its own independent board. These funds are under the control of this independent board, not the Academy.

KIRBY MUXLOE PRIMARY SCHOOL

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TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Vision: 'Inspiring Excellence in Everyone'

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

Our Strategic Aims

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

Objectives, Strategies and Activities

Our Curriculum Aims

During their time at our school, pupils will develop:

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

Public Benefit

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

KIRBY MUXLOE PRIMARY SCHOOL

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TRUSTEES REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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

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

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

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

STRATEGIC REPORT

Achievements and Performance

Overall Effectiveness

Kirby Muxloe Primary School continues to provide a good standard of education.

Effectiveness of Leadership and Management

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

Quality of Teaching, Learning and Assessment

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

Personal Development, Behaviour and Welfare

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

Outcomes for Pupils

Most children make good or better progress and attainment is broadly high.

KIRBY MUXLOE PRIMARY SCHOOL

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TRUSTEES REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Effectiveness of Early Years

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

Key Performance Indicators

Current OFSTED Grading

The school was last inspected in September 2016 and was graded as good overall in all areas except Early Years, which was graded as outstanding. There were many areas of excellent practice noted in the report and we see ourselves as being close to the overall outstanding criteria.

2019 Key Stage 2 Results

Please see below the end of year Key Stage 2 results for 2019. Children are expected to be working at the new standard for each subject and achieve a scaled score of 100 or more in tests.

National Comparisons and Progress Measures were unavailable at the time of writing this section.

	% Expected	% GD/High	Ave. Scaled Score	Progress Score
Reading	78%	33%	105	-0.1
Writing	97%	29%	106	+2.1
Maths	87%	35%	106	+0.3
GPS	86%	30%	107	N/A

% Combined

Expected	73%
GD/Higher Std	13%

Going Concern

After making appropriate enquiries, the Board of Trustees 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 financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

FINANCIAL REVIEW

The Academy had a net decrease in funds for the year ended 31 August 2019 of £159,000 including fixed asset movements but excluding pension reserve movements. As at 31 August 2019 the Academy held £77,000 of unrestricted reserves plus £35,000 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £112,000.

The Academy had a pension deficit on their Local Government Pension Scheme of £785,000 at 31 August 2019 and a fixed asset reserve of £3,303,000 being the book value of past purchases plus unspent capital income £15,000.

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

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TRUSTEES REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2019

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

Reserves Policy

At 31 August 2019 the total funds comprised:

		£'000
Unrestricted		77
Restricted:	Fixed asset funds	3,304
	Pension reserve	(785)
	Other	35
		<hr/>
		2,631
		<hr/>

The Trustees have developed a reserves policy for the school which is reviewed at least annually by the Resources Committee. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. For 2018/19 the target level of free reserves plus unspent General Annual Grant (GAG) was determined as between 2-3% of annual income, being approximately £30,000 to £45,000.

Actual free reserves plus unspent GAG as at 31 August 2019 were £112,000 being above the target level set by the Trustees. Cash at bank at 31 August 2019 was £56,000 higher than total available reserves due principally to accruals timing differences.

At 31 August 2019 the Academy's fixed asset reserve of £3,304,000 represented funds which could only be realised if the assets were sold plus unspent capital income £15,000.

The only reserve in deficit at the year end was the pension reserve (deficit of £785,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

Investment Policy

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

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

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

Principal Risks and Uncertainties

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

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TRUSTEES REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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

A further risk was the potential increase in pupil numbers throughout the school and particularly in Reception. Trustees assessed that the former would potentially reduce educational standards across the school and give concern for the health and safety of pupils in a building with restrictive capacity on a constrained site. The risk of Reception numbers increasing to require an additional class (and additional costs) was a risk Trustees were not prepared to take. In order to protect the school's educational standards and financial position, Trustees have determined to cap the annual number at 58 from the start of the 2018/19 academic year.

FUNDRAISING

Fundraising at Kirby Muxloe Primary School takes the form of a number of fundraising events throughout the year. These will include Children in Need, Poppy Appeal and Comic/Sport Relief. These funds are donated directly to the associated charities. The Academy Trust does not use any external fundraisers.

PLANS FOR FUTURE PERIODS

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

KIRBY MUXLOE PRIMARY SCHOOL

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TRUSTEES REPORT (continued)


FOR THE YEAR ENDED 31 AUGUST 2019

AUDITOR

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 9 December 2019 and signed on the board's behalf by:



Steve Goddard
Chair of Trustees

KIRBY MUXLOE PRIMARY SCHOOL ACADEMY
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Kirby Muxloe Primary School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met five times during the year. While the Board of Trustees would normally meet four times a year, twice in the autumn term and once in the spring and summer terms, the Resources Committee meets to discuss the financial report which compliments the Board Meetings. There are also regular interactions between the Trustees and Headteacher and School Business Manager to ensure there is an understanding of the current financial position.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Steve Goddard (Chair of Trustees)	5	5
Kate Austen	2	5
Ian Biggs (Appointed 11 August 2018)	3	5
Kerrie Grant	5	5
Jatinder Hanspal	5	5
Tracey Hutchinson (Vice Chair)	5	5
Laura Kenney (Staff Trustee)	3	5
David Thomas	4	5
Yvonne Connolly (Appointed 21 May 2019)	2	2
Rabinder Singh Lail (Appointed 21 May 2019)	1	2
Victoria Jones (Resigned 11 June 2019)	3	4
Elliot Howles (Headteacher and Accounting Officer)	5	5

Key changes to the composition of the Board of Trustees

Following the resignations from the previous year the vacancies were filled by Ian Biggs through the Parent Elections process and Yvonne Connolly and Rabinder Singh Lail, who were appointed as Trustees.

The coverage of its work:

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

KIRBY MUXLOE PRIMARY SCHOOL ACADEMY
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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

- The Board's performance, including assessing its own effectiveness and any particular challenges that have arisen for the Board have been carried out by the Trustees using the Articles of Association and Funding Agreement; The Financial Handbook; The Governor Handbook; and Statutory responsibilities of the Board as a method for self-assessment of the Board.
- Along with most schools, the financial management challenges were significant with the stringent financial climate for education. Regular reviews of the financial situation were undertaken and a balanced budget was produced for the coming year, 2019/20, without any significant adverse impact on educational standards.

Governance Review

The Board of Trustees undertook a review of its Governance Structure in particular the scrutiny of the educational standards through the School Improvement Plan and introduced the Curriculum and Standards Group which reports to the Board of Trustees on a termly basis. The rest of the Governance arrangements were deemed to be fit for purpose. The Trustees plan to complete the self-evaluation of governance by July 2020 and implement actions as appropriate.

The Resources Committee is a committee of the main Board of Trustees and encompasses the functions of an audit committee. Its purpose is to assist the decision making of the Academy, by enabling more detailed consideration to be given to the best means of fulfilling the Academy responsibility, to ensure sound management of the Academy's resources; property, staffing and finances, including proper financial planning, monitoring and probity.

During the year Tracey Hutchinson joined the committee. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
David Thomas	5	5
Steve Goddard	5	5
Kerrie Grant	3	5
Jatinder Hanspal	3	5
Elliot Howles	5	5
Tracey Hutchinson	4	4

REVIEW OF VALUE FOR MONEY

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

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

- Improving educational outcomes for pupils compared with the previous year;
- Securing additional funding from the ESFA to replace parts of the school infrastructure to bring in line with modern fire safety requirements, thereby mitigating future cost & liabilities; and
- Promoting fair competition through quotation and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

KIRBY MUXLOE PRIMARY SCHOOL ACADEMY
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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kirby Muxloe Primary School for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that have been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and the Local Authority Leicestershire County Council was appointed as our 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; and
- testing of control account/ bank reconciliations.

A full internal audit visit, deferred from the previous term, was carried out in November 2018. The visit followed a period where the school experienced a double changeover of School Business Manager. Several minor weaknesses were identified and were predominantly resolved by March 2019. A light-touch audit in July 2019 confirmed, this with a few exceptions, which have now been corrected.

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

KIRBY MUXLOE PRIMARY SCHOOL ACADEMY
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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

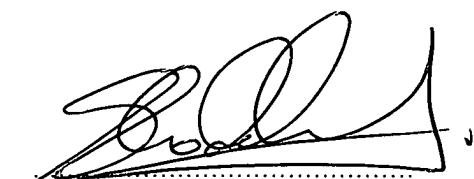
REVIEW OF EFFECTIVENESS

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 auditor; and
- 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 results of their review of the system of internal control by the Resources Committee and plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 9 December 2019 and signed on its behalf by:



Steve Goddard
Chair of Trustees



Elliot Howles
Accounting Officer

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2019

As Accounting Officer of Kirby Muxloe Primary School I have considered my responsibility to notify the Academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2018.

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



Elliot Howles
Accounting Officer

9 December 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

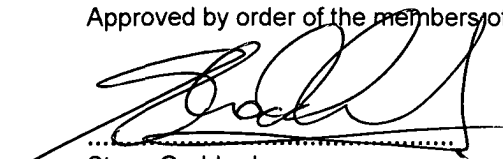
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 12 December 2019 and signed on its behalf by:



Steve Goddard
Chair of Trustees



Elliot Howles
Accounting Officer

Date: 9 December 2019

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

Opinion

We have audited the financial statements of Kirby Muxloe Primary School (the 'Academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, 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 and 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 2018 to 2019 issued by the Education & 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 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KIRBY MUXLOE PRIMARY SCHOOL (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustee's Report incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees' Responsibilities Statement. 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 Trustees' Report (Incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report and the Directors Report.

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

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

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KIRBY MUXLOE PRIMARY SCHOOL (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustee's Responsibilities Statement set out on page 16, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy 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.



Helen Blundell LLB FCA FCIE DChA (Senior Statutory Auditor)
for and on behalf of

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 19 December 2019

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 24 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kirby Muxloe Primary School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Kirby Muxloe Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kirby Muxloe Primary School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Kirby Muxloe Primary School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Kirby Muxloe Primary School's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Kirby Muxloe Primary School's funding agreement with the Secretary of State for Education dated 1 November 2013 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw our conclusions includes:

- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;
- evaluating the internal control procedures and reporting lines, and testing as appropriate;
- consideration of governance issues; and
- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity.

Conclusion

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

MHA MacIntyre Hudson
Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: *19 December 2019*

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	-	107	38	145	154
Funding for Academy's educational operations	4	-	1,656	24	1,680	1,582
Other trading activities	5	39	-	-	39	24
Total income		39	1,763	62	1,864	1,760
Expenditure on:						
Raising funds	7	8	-	-	8	33
Academy's educational operations	8	-	1,866	149	2,015	1,744
Total expenditure		8	1,866	149	2,023	1,777
Net income/ (expenditure)		31	(103)	(87)	(159)	(17)
Transfers between funds	17	-	(49)	49	-	-
Net movement in funds before other recognised gains/(losses)		31	(152)	(38)	(159)	(17)
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(280)	-	(280)	180
Net movement in funds		31	(432)	(38)	(439)	163

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Note					
Reconciliation of funds:					
Total funds brought forward	46	(318)	3,342	3,070	2,907
Net movement in funds	31	(432)	(38)	(439)	163
Total funds carried forward	77	(750)	3,304	2,631	3,070

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

The notes on pages 27 to 52 form part of these financial statements.

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08702056

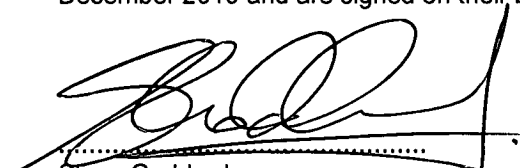
BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	14		3,289		3,337
			<u>3,289</u>		<u>3,337</u>
Current assets					
Debtors	15	148		56	
Cash at bank and in hand		171		274	
		<u>319</u>		<u>330</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(192)		(170)	
		<u></u>		<u></u>	
Net current assets			127		160
			<u>3,416</u>		<u>3,497</u>
Net assets excluding pension liability					
Defined benefit pension scheme liability	23	(785)			(427)
		<u></u>		<u></u>	
Total net assets			<u>2,631</u>		<u>3,070</u>
Funds of the academy					
Restricted funds:					
Fixed asset funds	17	3,304		3,342	
Restricted income funds	17	35		109	
		<u>3,339</u>		<u>3,451</u>	
Restricted funds excluding pension asset	17				
Pension reserve	17	(785)		(427)	
		<u></u>		<u></u>	
Total restricted funds	17		2,554		3,024
Unrestricted income funds	17		77		46
			<u>2,631</u>		<u>3,070</u>
Total funds			<u>2,631</u>		<u>3,070</u>

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 22 to 52 were approved by the Trustees, and authorised for issue on 9 December 2019 and are signed on their behalf, by:



Steve Goddard
Chair of Trustees



Elliot Howles
Accounting Officer

Date: 9 December 2019

The notes on pages 27 to 52 form part of these financial statements.

KIRBY MUXLOE PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash used in operating activities	19	(64)	(4)
Cash flows from investing activities	20	(39)	8
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(103)	4
Cash and cash equivalents at the beginning of the year		274	270
Cash and cash equivalents at the end of the year	21	171	274
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 27 to 52 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kirby Muxloe Primary School meets the definition of a public benefit entity under FRS 102.

Kirby Muxloe Primary School is a company limited by guarantee incorporated in England and Wales. The address of the registered office and principal place of operations are detailed on page 1. The nature of the Academy's operations and principal activity are detailed in the Trustees' Report.

The Company's functional and presentational currency is British Pound Sterling (£), rounded to the nearest £1,000.

1.2 Going concern

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

- **Donations**

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

- **Other income**

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold buildings	- 4% straight line
Leasehold land (125 year lease)	- over 125 years
Furniture and fixtures	- 25% straight line
Computer equipment	- 33.3% straight line

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

1.6 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.

1.7 Cash at bank and in hand

Cash at bank and in hand includes cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.8 Liabilities and provisions

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

Provisions are 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.

1.9 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 bases 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 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.11 Pensions

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

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. 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.

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 14 for the carrying amount of fixed assets, and note 1.5 for the useful economic lives for each class of assets.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The judgements that have had a significant effect on the amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

3. Donations and capital grants

	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Capital Grants	112	112	154
Parent & Friends Association donations	33	33	-
	145	145	154

In 2018, of the total donations and capital grants of £154,000, £2,000 was from restricted funds and £152,000 was from restricted fixed asset funds.

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NOTES TO THE FINANCIAL STATEMENTS
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4. Funding for the Academy's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,378	1,378	1,337
Other DfE/ESFA grants	-	95	95	93
Pupil Premium	-	53	53	53
Devolved Formula Capital	-	24	24	-
	-	1,550	1,550	1,483
Other government grants				
Local Authority grants	-	49	49	67
	-	49	49	67
Other funding				
Insurance income	-	42	42	21
Catering income	-	-	-	11
Trips and parental contributions	-	37	37	-
Training income	-	2	2	-
	-	81	81	32
	-	1,680	1,680	1,582
Total 2018	21	1,561	1,582	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

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NOTES TO THE FINANCIAL STATEMENTS
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5. Income from other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Lettings income	27	27	21
Fundraising income	2	2	1
Consultancy income	-	-	1
Other income	6	6	1
After school club and other clubs	4	4	-
	<u>39</u>	<u>39</u>	<u>24</u>

In 2018, of the total income from other trading activities of £24,000, £24,000 was from unrestricted funds.

6. Total expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other Costs 2019 £000	Total 2019 £000	Total 2018 £000
Expenditure on raising voluntary income:	-	-	8	8	33
Charitable activities:					
Direct costs	1,168	140	149	1,457	1,322
Support costs	217	200	141	558	422
	<u>1,385</u>	<u>340</u>	<u>298</u>	<u>2,023</u>	<u>1,777</u>
Total 2018	<u>1,363</u>	<u>218</u>	<u>196</u>	<u>1,777</u>	

In 2018, of the total expenditure of £1,777,000, £33,000 was from unrestricted funds, £1,594,000 was from restricted funds and £150,000 was from restricted fixed asset funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Expenditure on raising funds

Costs of raising voluntary income

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Fundraising expenses	1	1	-
Clubs expenses	4	4	-
Other expenses	3	3	5
Staff costs	-	-	28
	<u>8</u>	<u>8</u>	<u>33</u>

In 2018, of total expenditure for raising funds £33,000, £33,000 was from unrestricted funds.

8. Analysis of expenditure by activities

	Direct costs 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy Trust educational operations	<u>1,457</u>	<u>558</u>	<u>2,015</u>	<u>1,744</u>
Total 2018	<u>1,322</u>	<u>422</u>	<u>1,744</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational operations 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Pension finance costs (note 13)	-	-	14
Staff costs	1,168	1,168	1,119
Depreciation	149	149	112
Educational supplies	42	42	30
Staff development	9	9	7
Other direct costs	31	31	22
Educational visits	41	41	-
Technology costs	17	17	18
	<hr/> 1,457 <hr/>	<hr/> 1,457 <hr/>	<hr/> 1,322 <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Pension finance costs (note 13)	12	12	-
Staff costs	195	195	192
Recruitment	1	1	1
Maintenance of premises and equipment	159	159	12
Cleaning	3	3	2
Rates	12	12	11
Insurance	22	22	20
Depreciation	-	-	38
Catering	61	61	60
Profit on disposal of tangible assets	-	-	(2)
Other support costs	57	57	48
Energy costs	26	26	29
Governance	10	10	11
	558	558	422

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	149	150
Auditors' remuneration - audit	8	8
Auditors' remuneration - other services	1	3
Operating lease rentals	3	2
Internal audit costs	1	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£000	£000
Wages and salaries	1,027	1,025
Social security costs	84	75
Pension costs	252	240
	1,363	1,340
Agency staff costs	10	9
Pension finance costs (note 13)	12	14
	1,385	1,363

b. Staff numbers

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

	2019	2018
	No.	No.
Teachers	18	18
Administration and Support	41	41
Management	5	5
	64	64

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	-

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2019 pension contributions for this staff member amounted to £11,597 (2018 - £11,426).

d. Key management personnel

The Key Management Personnel of the Academy comprise the Staff Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance) received by key management personnel for services to the Academy was £372,109 (2018 - £352,480).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £000	2018 £000
Elliot Howles (Headteacher)	Remuneration	70 - 75	65 - 70
	Pension contributions paid	10 - 15	10 - 15
Laura Kenney (Staff Trustee)	Remuneration	10 - 15	5 - 10
	Pension contributions paid	0 - 5	0 - 5

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

Other related party transactions involving the Trustees are set out in note 26.

12. Trustees' and Officers' insurance

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

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NOTES TO THE FINANCIAL STATEMENTS
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13. Pension finance cost

	2019 £000	2018 £000
Interest income on pension scheme assets	30	23
Interest on pension scheme liabilities	(42)	(37)
	<u>(12)</u>	<u>(14)</u>

14. Tangible fixed assets

	Leasehold land and buildings £000	Furniture and fixtures £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2018	3,749	113	89	3,951
Additions	21	34	46	101
At 31 August 2019	<u>3,770</u>	<u>147</u>	<u>135</u>	<u>4,052</u>
Depreciation				
At 1 September 2018	445	84	85	614
Charge for the year	118	21	10	149
At 31 August 2019	<u>563</u>	<u>105</u>	<u>95</u>	<u>763</u>
Net book value				
At 31 August 2019	<u>3,207</u>	<u>42</u>	<u>40</u>	<u>3,289</u>
At 31 August 2018	<u>3,304</u>	<u>29</u>	<u>4</u>	<u>3,337</u>

Included in Long leasehold land and buildings is long leasehold land valued at £1,025,400 (2018 - £1,025,400) on conversion in 2013 by Andrea Hopkins MRICS, using the depreciated replacement cost method. The Trustees considered that the valuation remains appropriate for the purposes of these Financial Statements.

The freehold of the land and buildings is owned by Leicestershire County Council. The Academy holds a 125 year lease on a peppercorn rent from 2013.

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NOTES TO THE FINANCIAL STATEMENTS
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15. Debtors

	2019	2018
	£000	£000
Due within one year		
Trade debtors	-	9
VAT recoverable	35	23
Prepayments and accrued income	113	24
	<u>148</u>	<u>56</u>

16. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Other taxation and social security	25	18
Other creditors	24	21
Accruals and deferred income	143	131
	<u>192</u>	<u>170</u>

	2019	2018
	£000	£000
Deferred income at 1 September 2018	64	124
Resources deferred during the year	39	64
Amounts released from previous periods	(64)	(124)
	<u>39</u>	<u>64</u>

At the balance sheet date the Academy was holding funds received in advance for rates and Universal Infant Free School Meals in relation to funding for the next academic year.

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Resources expended £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General Funds	46	39	(8)	-	-	77
Restricted general funds						
General Annual Grant (GAG)	101	1,378	(1,428)	(16)	-	35
Other DfE/ESFA Grants	8	95	(103)	-	-	-
Pupil Premium	-	53	(53)	-	-	-
Other local authority	-	49	(49)	-	-	-
Other income	-	81	(81)	-	-	-
Parent & Friends Association	-	33	-	(33)	-	-
Condition Improvement Fund	-	74	(74)	-	-	-
Pension reserve	(427)	-	(78)	-	(280)	(785)
	<u>(318)</u>	<u>1,763</u>	<u>(1,866)</u>	<u>(49)</u>	<u>(280)</u>	<u>(750)</u>
Restricted fixed asset funds						
Net book value of fixed assets	3,337	-	(149)	101	-	3,289
Condition Improvement Fund	-	38	-	(26)	-	12
Devolved Capital Grant	5	24	-	(26)	-	3
	<u>3,342</u>	<u>62</u>	<u>(149)</u>	<u>49</u>	<u>-</u>	<u>3,304</u>
Total Restricted funds	<u>3,024</u>	<u>1,825</u>	<u>(2,015)</u>	<u>-</u>	<u>(280)</u>	<u>2,554</u>
Total funds	<u>3,070</u>	<u>1,864</u>	<u>(2,023)</u>	<u>-</u>	<u>(280)</u>	<u>2,631</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

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

Unrestricted funds

Unrestricted funds are to be used towards meeting any of the charitable objectives of the Academy at the discretion of the Trustees.

General Annual Grant (GAG)

Funds from the ESFA for the provision of education, in line with the funding agreement.

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 2019.

Transfers of £46,000 from restricted funds to the restricted fixed asset fund represents allocations from GAG and the Parent & Friends Association towards fixed assets.

Pupil Premium

Additional funds from the Education and Skills Funding Agency to support disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Other DfE/ESFA grants

Other funds provided by the DfE/ESFA for particular purposes within the Academy's educational operations.

Other Local Authority

These are funds and grants received from the Local Authority and other institutions for use on specific educational projects.

Other income

These consist of income from all other sources to be used primarily for the Academy's educational operations.

Parents & Friends Association

Parents & Friends Association donations relate to amounts donated to the school for specific purposes. The income was fully spent in the year.

Capital grants

This consists of Devolved Formula Capital (DFC) and other capital funding from the ESFA. The DFC is to be used for ICT items, improvements to buildings and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the Balance Sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately. Plans are in place to address the deficit.

Restricted fixed asset funds

The restricted fixed asset fund was funded predominately by the funds inherited on conversion to an Academy from Local Authority following the transfer of assets. It included further amounts invested in fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds	34	45	(33)	-	-	46
Restricted general funds						
General Annual Grant (GAG)	58	1,337	(1,299)	5	-	101
Other DfE/ESFA Grants	-	93	(85)	-	-	8
Pupil Premium	-	53	(53)	-	-	-
Other local authority	-	67	(67)	-	-	-
Parent & Friends Association	1	2	(3)	-	-	-
Catering income	-	11	(11)	-	-	-
Pension reserve	(531)	-	(76)	-	180	(427)
	(472)	1,563	(1,594)	5	180	(318)
Restricted fixed asset funds						
Net book value of fixed assets	3,340	-	(150)	147	-	3,337
Condition Improvement Fund	-	144	-	(144)	-	-
Devolved Capital Grant	5	8	-	(8)	-	5
	3,345	152	(150)	(5)	-	3,342
Total Restricted funds	2,873	1,715	(1,744)	-	180	3,024
Total funds	2,907	1,760	(1,777)	-	180	3,070

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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	3,289	3,289
Current assets	77	227	15	319
Current liabilities	-	(192)	-	(192)
Pension scheme liability	-	(785)	-	(785)
Total	77	(750)	3,304	2,631

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	3,337	3,337
Current assets	46	279	5	330
Current liabilities	-	(170)	-	(170)
Pension scheme liability	-	(427)	-	(427)
Total	46	(318)	3,342	3,070

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NOTES TO THE FINANCIAL STATEMENTS
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19. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of Financial Activities)	(159)	(17)
Adjustments for:		
Depreciation	149	149
Profit on sale of fixed assets	-	(2)
Decrease in stocks	-	3
(Increase)/decrease in debtors	(92)	(6)
Increase/(decrease) in creditors	22	(55)
Capital grants from DfE and other capital income	(62)	(152)
Defined benefit pension scheme cost less contributions payable	66	62
Defined benefit pension scheme finance cost (note 13)	12	14
Net cash used in operating activities	(64)	(4)

20. Cash flows from investing activities

	2019 £000	2018 £000
Purchase of tangible fixed assets	(101)	(146)
Proceeds from the sale of tangible fixed assets	-	2
Capital grants from DfE Group	62	152
Net cash (used in)/provided by investing activities	(39)	8

21. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	171	274
Total cash and cash equivalents	171	274

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Capital commitments

At 31 August 2019 the Academy had capital commitments as follows:

	2019	2018
	£000	£000
Contracted for but not provided in these financial statements	5	38

23. Pension commitments

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

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

Contributions amounting to £24,416 were payable to the schemes at 31 August 2019 (2018 - £20,797) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including Academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuationreport.aspx>.

Scheme Changes

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

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

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

The employer's pension costs paid to TPS in the period amounted to £112,000 (2018 - £106,000).

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £92,000 (2018 - £86,000), of which employer's contributions totalled £74,000 (2018 - £69,000) and employees' contributions totalled £18,000 (2018 - £17,000). The agreed contribution rates for future years are 25.2% for employers and 5.5% - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Principal actuarial assumptions

	2019 %	2018 %
Discount rate for scheme liabilities	1.90	2.80
Rate of increase in salaries	3.30	3.30
Rate of increase for pensions in payment	2.30	2.30
Inflation assumption (CPI)	2.30	2.30
Commutation of pensions to lump sums	50.00	50.00

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.4	24.3
<i>Retiring in 20 years</i>		
Males	22.2	23.8
Females	24.7	26.2

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(55)	(40)
Discount rate -0.1%	55	40
Mortality assumption - 1 year increase	78	58
Mortality assumption - 1 year decrease	(78)	(58)
CPI rate +0.1%	45	32
CPI rate -0.1%	(45)	(32)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Pension commitments (continued)

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	680	634
Bonds	364	276
Property	94	92
Cash	35	20
Total market value of assets	1,173	1,022

The actual return on scheme assets was £69,000 (2018 - £44,000).

The Academy expects to contribute £78,000 to its defined benefit pension scheme in 2020.

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £000	2018 £000
Current service cost	(115)	(131)
Past service cost	(25)	-
Interest income	30	23
Interest cost	(42)	(37)
Total amount recognised in the Statement of Financial Activities	(152)	(145)

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

	2019 £000	2018 £000
At 1 September	1,449	1,432
Current service cost	115	131
Past service cost	25	-
Interest cost	42	37
Employee contributions	18	17
Actuarial losses/(gains)	319	(159)
Benefits paid	(10)	(9)
At 31 August	1,958	1,449

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Changes in the fair value of the academy's share of scheme assets were as follows:

	2019	2018
	£000	£000
At 1 September	1,022	901
Interest income	30	23
Actuarial gains	39	21
Employer contributions	74	69
Employee contributions	18	17
Benefits paid	(10)	(9)
At 31 August	1,173	1,022

24. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£000	£000
Not later than 1 year	3	2
Later than 1 year and not later than 5 years	1	3
	4	5

25. 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.

NOTES TO THE FINANCIAL STATEMENTS
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26. Related party transactions

No other related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in notes 10 and 11.

Owing to the nature of the Academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

27. Company limited by guarantee

The Academy is a company limited by guarantee and does not have share capital.

28. Controlling party

The Academy is ultimately controlled by the Governing Body, which includes the Headteacher.