

Registered number: 08702056 (England and Wales)

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	David Thomas Peter Waite Kerrie Grant Chris Woodall (appointed 16 May 2016)
Trustees	David Thomas, Chair of Trustees ¹ Kerrie Grant, Chair of Resources Committee ¹ Lorraine Biddle, Trustee Tracey Hutchinson, Trustee (appointed 3 July 2016) Nathan Lucas, Trustee (resigned 2 July 2016) Peter Waite, Trustee (resigned 4 November 2015) Chris Woodall, Trustee Steve Goddard, Trustee (appointed 3 November 2015) ¹ Elliot Howles, Headteacher ¹ Kate Austen, Trustee ¹ Laura Kenney, Staff Trustee Matthew Bleasdale, Trustee ¹ Victoria Jones, Trustee ¹ Resources Committee
Company registered number	08702056
Company name	Kirby Muxloe Primary School
Principal and registered office	Barwell Road Kirby Muxloe Leicester LE9 2AA
Senior leadership team	Elliot Howles, Headteacher Nicholas Holt, Deputy Headteacher Sharon Jackson, Assistant Headteacher Vanessa Yardley, School Business Manager (resigned April 2016) Kelli Hackett, School Business Manager (appointed April 2016)
Independent auditors	Clear & Lane Limited Chartered Accountants 340 Melton Road Leicester LE4 7SL
Bankers	Lloyds Bank plc 145 Narborough Road Leicester LE3 0PB
Solicitors	Howes Percival Solicitors 3 The Osiers Business Centre Leicester LE19 1DX

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Kirby Muxloe. It has a pupil capacity of 385 and had a roll of 413 in the school census on 2 October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

● **Constitution**

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

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

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

● **Members' liability**

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

● **Trustees' indemnities**

In accordance with normal practice the Academy has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors and omissions. The cover under the policy is £10 million and is incorporated as part of the School's 'Risk Protection Agreement'.

● **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
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Staff Trustees	Through open election for all eligible members of staff working at Kirby Muxloe Primary School
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Community Trustees	Through nomination by the Board of Trustees of Kirby Muxloe Primary School. We would seek to appoint Trustees with relevant skills and experience to complement the existing Trustee skill set
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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

- **Organisational structure**

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

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

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

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

- **Pay policy for key management personnel**

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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

'Symphony Primary Schools Partnership' is a group of primary schools which work together to share knowledge, experience and expertise between its members and promote school improvement. This partnership aims to provide its members with the support, challenge and networks previously provided through the Local Authority including Headteacher meetings, subject coordinator meetings and meetings for Chairs of Trustees to share good practice.

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

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

The school has a connected charity, Kirby Muxloe Primary School PFA, which was established for the purpose of supporting the school in a manner as determined by its own independent board. These funds are under the control of this independent board, not the Academy. In line with the Academies Accounts Direction 2014 to 2015 (SORP 2015) some summary details of this charity's activities are included in note 25 to the financial statements.

OBJECTIVES AND ACTIVITIES

● **Objects and aims**

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

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

The Vision

'Inspiring Excellence in Everyone'

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

Our Strategic Aims

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

- Providing 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.
- Ensuring 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.
- Ensuring 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.
- Ensuring that children learn how to behave 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

- Being an excellent employer, where continuous professional development and endeavour is recognised and encouraged.
- Delivering governance that is sharply focused on strategic areas of the vision whilst ensuring the school is run in a sustainable and stable manner.
- The creation of a reflective culture where the school listens to and takes on board the views of staff, pupils and parents.
- Achieving an outstanding OFSTED grading that acknowledges the strengths of our school.

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

Our Behaviours

- Be Respectful
- Be Independent
- Be Thoughtful and Caring

Our Curriculum Aims

During their time at our school, pupils will develop:

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

● **Public benefit**

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

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

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

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

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

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

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

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TRUSTEES' REPORT (continued)
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STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

- **Achievements and performance**

Overall Effectiveness

Kirby Muxloe Primary School provides an excellent standard of education.

Effectiveness of Leadership and Management

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

Quality of Teaching, Learning and Assessment

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

Personal Development, Behaviour and Welfare

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

Outcomes for Pupils

Most children make at least good progress with many making outstanding progress. Attainment is broadly high. At the end of each Key Stage, children, including disadvantaged children and children with special educational needs compare favourably with national figures. Current cohorts, whilst below the new national expectations are making good progress to move towards them.

Effectiveness of Early Years

The effectiveness of the early years is excellent with very high levels of progress and attainment and excellent teaching.

- **Key performance indicators**

Current OFSTED Grading

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

2016 Key Stage 2 Results

Please see below the end of Key Stage 2 results for 2016. Children are expected to be working at the new standard for each subject and achieve a scaled score of 100 or more in tests. National Comparisons and Progress Measure were unavailable at the time of writing this section.

	Teacher assessments				Test Scaled Scores			
	Has Not Met	Towards	At	Greater	Other	<100	100+	Average
Reading (TA & Test)	13.8%		86.2%		1.7%	20.7%	77.6%	102.3
Writing (TA)		29.3%	62.1%	8.6%				
GAPS (Test)						24.1%	75.9%	103.1
Maths	15.5%		84.5%			22.4%	77.6%	103.2
Science	10.3%		89.7%					

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TRUSTEES' REPORT (continued)
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- **Going concern**

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

FINANCIAL REVIEW

- **Financial review**

The Academy had a net movement in funds for the year ended 31 August 2016 of £64,362 including fixed assets movements. As at 31 August 2016 the Academy held £24,709 of unrestricted reserves plus £NIL of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £24,709

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £502,000 at 31 August 2016 and a fixed asset reserve of £3,291,452 (being the book value of past purchases).

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

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

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

- **Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually by the Resources Committee. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. For 2015/16 the target level of free reserves plus unspent General Annual Grant (GAG) was determined as between 1-2% of the annual income, being approximately £25,000. In September 2015 the Trustees agreed to increase the determined level of reserves to 2-3% being £30,000 to £45,000 by the end of 2016/17.

Actual free reserves plus unspent GAG as at 31 August 2016 were £24,709, being in line with the target level set by the Trustees for the 2015/16 year. The Academy held no other available restricted funds at the year end of the year. Cash at bank at 31 August 2016 was £188,094 higher than total available reserves due principally to £99,966 of capital income received in advance, £41,807 of Universal Infant Free School Meals income received in advance, £42,048 of payroll oncosts paid post year end plus other accruals timing differences.

At 31 August 2016 the Academy's fixed asset reserve of £3,291,452 of which could only be realised if the assets were sold.

The only reserve in deficit at the year end was the pension reserve (deficit of £502,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

● **Investment policy and performance**

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

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

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

● **Principal risks and uncertainties**

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

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

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

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

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

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

At 31 August 2016 the pension deficit on the Local Government Pension Scheme stood at £502,000. The Academy has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of Academy closure, outstanding pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PLANS FOR FUTURE PERIODS

• **Future developments**

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

Funds held as custodian

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

Auditors

The auditors, Clear & Lane Limited, have indicated their willingness to continue in office. The Designated Trust Board will propose a motion re-appointing the auditors at the Trust Board AGM.

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 8 December 2016 and signed on the board's behalf by:

David Thomas
Chair of Trustees

Elliot Howles
Headteacher / Accounting Officer

KIRBY MUXLOE PRIMARY SCHOOL
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GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
David Thomas, Chair of Trustees	7	7
Kerrie Grant	7	7
Lorraine Biddle, Trustee	6	7
Tracey Hutchinson, Trustee	1	1
Nathan Lucas, Trustee	5	6
Peter Waite, Trustee	1	1
Chris Woodall, Trustee	6	7
Steve Goddard, Trustee	4	5
Elliot Howles, Headteacher	7	7
Kate Austen, Trustee	6	7
Laura Kenney, Staff Trustee	5	7
Matthew Bleasdale, Trustee	4	7
Victoria Jones, Trustee	7	7

Governance reviews:

The Accounting Officer completed the Financial Management and Governance Self Assessment during the year to 31 August 2014 and addressed the minor changes required. The Trust Board completed a self-evaluation exercise during 2014/15 and has addressed the minor improvements identified during that evaluation. The Trustees plan to carry out their next self-evaluation of governance in 2016/17.

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

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

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Kerrie Grant, Chair	5	5
David Thomas, Trustee	4	5
Kate Austen, Trustee	3	5
Nathan Lucas, Trustee	5	5
Peter Waite, Trustee	1	1
Elliot Howles, Head Teacher	5	5
Matt Bleasdale, Trustee	0	4
Steve Goddard, Trustee	1	1
Kelli Hackett, School Business Manager (In attendance i.e. not a Trustee)	1	1
Vanessa Yardley, School Business Manager (In attendance i.e. not a Trustee)	3	3

Review of Value for money

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

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

- Securing additional funding from the EFA to renew much of the roof, thereby mitigating future cost liabilities.
- Promoting fair competition through quotation and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kirby Muxloe Primary School for the year 1 September 2015 to 31 August 2016 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The latest internal audit visit was in April 2016. It was reported that substantial assurance can be given that the internal controls in place to reduce exposure to those agreed risks currently material to the control are adequate and being managed effectively. A few minor recommended improvements have been implemented, and there were no major recommended improvements.

Review of Effectiveness

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

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

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

Approved by order of the members of the Board of Trustees on 8 December 2016 and signed on their behalf, by:

David Thomas
Chair of Trustees

Elliot Howles
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Kirby Muxloe Primary School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.

Elliot Howles
Accounting Officer

Date: 8 December 2016

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of Kirby Muxloe Primary School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 8 December 2016 and signed on its behalf by:

David Thomas
Chair of Trustees

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

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

We have audited the financial statements of Kirby Muxloe Primary School for the year ended 31 August 2016 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an 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 opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

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

Matters on which we are required to report by exception

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

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL
9 December 2016

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 19 May 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kirby Muxloe Primary School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Kirby Muxloe Primary School and the EFA, 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 auditors

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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

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

KIRBY MUXLOE PRIMARY SCHOOL

(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL

9 December 2016

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	3,149	154,510	157,659	155,487
Other trading activities	3	17,749	-	-	17,749	26,859
Investments	4	211	-	-	211	198
Charitable activities	5	-	1,524,008	-	1,524,008	1,403,083
TOTAL INCOME		17,960	1,527,157	154,510	1,699,627	1,585,627
EXPENDITURE ON:						
Raising funds		4,362	-	-	4,362	13,890
Charitable activities		-	1,503,188	143,439	1,646,627	1,538,682
TOTAL EXPENDITURE	6	4,362	1,503,188	143,439	1,650,989	1,552,572
NET INCOME BEFORE TRANSFERS						
Transfers between funds	17	13,598 (13,269)	23,969 (41,969)	11,071 55,238	48,638 -	33,055 -
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		329	(18,000)	66,309	48,638	33,055
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(113,000)	-	(113,000)	12,000
NET MOVEMENT IN FUNDS		329	(131,000)	66,309	(64,362)	45,055
RECONCILIATION OF FUNDS:						
Total funds brought forward		24,380	(371,000)	3,225,143	2,878,523	2,833,468
TOTAL FUNDS CARRIED FORWARD		24,709	(502,000)	3,291,452	2,814,161	2,878,523

KIRBY MUXLOE PRIMARY SCHOOL

(A company limited by guarantee)

REGISTERED NUMBER: 08702056

**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		3,291,452		3,224,176
CURRENT ASSETS					
Stocks	13	2,875		460	
Debtors	14	77,539		50,968	
Cash at bank and in hand		212,803		139,102	
			<u>293,217</u>	<u>190,530</u>	
CREDITORS: amounts falling due within one year	15	(266,828)		(165,183)	
NET CURRENT ASSETS			<u>26,389</u>		<u>25,347</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,317,841</u>		<u>3,249,523</u>
CREDITORS: amounts falling due after more than one year	16		(1,680)		-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>3,316,161</u>		<u>3,249,523</u>
Defined benefit pension scheme liability	22	(502,000)		(371,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>2,814,161</u>		<u>2,878,523</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Fixed asset fund		3,291,452		3,225,143	
Pension reserve		(502,000)		(371,000)	
Total restricted funds			<u>2,789,452</u>		<u>2,854,143</u>
Unrestricted income funds	17		24,709		24,380
TOTAL FUNDS			<u>2,814,161</u>		<u>2,878,523</u>

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:

David Thomas
Chair of Trustees

The notes on pages 22 to 42 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 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	129,906	73,642
Cash flows from investing activities:			
Purchase of tangible fixed assets		(210,715)	(192,874)
Capital grants from DfE		154,510	150,744
Capital grants from other sources		-	3,000
Net cash used in investing activities		(56,205)	(39,130)
Change in cash and cash equivalents in the year		73,701	34,512
Cash and cash equivalents at 1 September 2015		139,102	104,590
Cash and cash equivalents at 31 August 2016		212,803	139,102

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Kirby Muxloe Primary School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Kirby Muxloe Primary School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

1.2 FUND ACCOUNTING

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

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

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

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

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

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

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

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

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 are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	-	4% Straight line
Leasehold land (125 year lease)	-	over 125 years
Fixtures and fittings	-	20% Straight line
Computer equipment	-	33.3% Straight line

1.7 OPERATING LEASES

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

1.8 STOCKS

Stocks are valued at the lower of cost and value in use.

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 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.

1.10 CASH AT BANK AND IN HAND

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

1.11 LIABILITIES AND PROVISIONS

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

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

1.12 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 and the assets are held separately from those of the Academy.

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

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible assets

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

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Capital grants	-	-	154,510	154,510	150,744
Parent & Friends Association donations	-	3,149	-	3,149	4,743
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	<u>-</u>	<u>3,149</u>	<u>154,510</u>	<u>157,659</u>	<u>155,487</u>

In 2015, of the total income from donations and capital grants, £ *NIL* was to unrestricted funds and £155,487 was to restricted funds

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	13,431	-	13,431	13,721
Fundraising income	1,961	-	1,961	1,655
Consultancy income	1,533	-	1,533	9,248
Other income	824	-	824	2,235
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>17,749</u>	<u>-</u>	<u>17,749</u>	<u>26,859</u>

In 2015, of the total income from other trading activities, £26,859 was to unrestricted funds and £ *NIL* was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	211	-	211	198
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total investment income, £ 198 was to unrestricted funds and £ *NIL* was to restricted funds.

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	1,332,720	1,332,720	1,229,848
Other DfE/EFA grants	-	191,288	191,288	173,236
	<u>-</u>	<u>1,524,008</u>	<u>1,524,008</u>	<u>1,403,084</u>

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £1,403,084 was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	2,121	-	2,241	4,362	13,890
Educational Operations:					
Direct costs	1,096,537	107,579	86,876	1,290,992	1,178,420
Support costs	229,309	95,277	31,049	355,635	360,262
	<u>1,327,967</u>	<u>202,856</u>	<u>120,166</u>	<u>1,650,989</u>	<u>1,552,572</u>

In 2015, of the total fundraising expenditure, £13,890 was to unrestricted funds and £NIL was to restricted funds.

In 2015, of the total educational operations expenditure, £NIL was to unrestricted funds, £1,421,425 was to restricted funds and £117,257 to restricted fixed asset funds.

KIRBY MUXLOE PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	871,523	825,379
Teaching and educational support staff costs - NI	56,824	50,111
Teaching and educational support staff costs - pensions	149,592	131,249
LGPS pension interest cost (£32,000) less return on assets (£18,000)	14,000	13,000
Educational supplies	30,340	31,933
Staff development	7,915	9,935
Other direct costs	36,127	15,208
Depreciation	107,579	87,943
Technology costs	17,092	13,662
	1,290,992	1,178,420
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	188,236	179,050
Support staff costs - NI	6,988	5,829
Support staff costs - pensions	34,085	31,216
Recruitment	600	600
Maintenance of premises and equipment	18,120	15,767
Cleaning	2,199	1,668
Rates	13,957	8,364
Insurance	(10,008)	20,758
Depreciation	35,860	29,314
Catering	3,897	934
Other support costs	28,016	23,722
Energy costs	25,141	27,755
Governance	8,544	15,286
	355,635	360,263
	1,646,627	1,538,683

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - capitalised by the charity	143,439	117,257
Auditors' remuneration - audit	5,800	11,550
Auditors' remuneration - other services	750	750
Operating lease rentals	2,595	2,820
	152,584	132,377

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FOR THE YEAR ENDED 31 AUGUST 2016**

9. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	1,061,880	1,012,315
Social security costs	63,812	57,150
Operating costs of defined benefit contribution schemes	183,677	162,465
	<hr/>	<hr/>
Supply staff costs	1,309,369	1,231,930
	18,598	6,695
	<hr/>	<hr/>
	1,327,967	1,238,625
	<hr/> <hr/>	<hr/> <hr/>

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

	2016	2015
	No.	No.
Teachers	20	21
Administration and support	52	52
Management	1	1
	<hr/>	<hr/>
	73	74
	<hr/> <hr/>	<hr/> <hr/>

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	1	1

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

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £263,257 (2015: £256,006). These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within their employment.

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10. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 2 Trustees (2015 - 3) in respect of defined benefit pension schemes.

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

The value of Trustees' remuneration was as follows:

E Howles (Headteacher and Trustee)

Remuneration £65,000 - £70,000 (2015: £65,000 - £70,000)

Employer's pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000)

L Kenney (Staff Trustee)

Remuneration £30,000 - £35,000 (2015: £20,000 - £25,000)

Employer's pension contributions £5,000 - £10,000 (2015: £0 - £5,000)

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

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

The prior year insurance provided cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,511.

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12. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2015	3,263,465	68,396	60,157	3,392,018
Additions	159,821	34,621	16,273	210,715
At 31 August 2016	<u>3,423,286</u>	<u>103,017</u>	<u>76,430</u>	<u>3,602,733</u>
DEPRECIATION				
At 1 September 2015	118,331	18,507	31,004	167,842
Charge for the year	98,358	20,603	24,478	143,439
At 31 August 2016	<u>216,689</u>	<u>39,110</u>	<u>55,482</u>	<u>311,281</u>
NET BOOK VALUE				
At 31 August 2016	<u>3,206,597</u>	<u>63,907</u>	<u>20,948</u>	<u>3,291,452</u>
At 31 August 2015	<u>3,145,134</u>	<u>49,889</u>	<u>29,153</u>	<u>3,224,176</u>

The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at in the period ended 31 August 2014 using the EFA standard valuation on a depreciated replacement cost basis provided to the Academy. This provided a value for the land and buildings as at the date of conversion.

13. STOCKS

	2016 £	2015 £
Classroom and kitchen stock	<u>2,875</u>	<u>460</u>

14. DEBTORS

	2016 £	2015 £
Trade debtors	1,790	1,459
VAT recoverable	21,804	27,692
Prepayments and accrued income	53,945	21,817
	<u>77,539</u>	<u>50,968</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other loans	240	-
Other taxation and social security	20,235	17,823
Other creditors	32,192	26,151
Accruals and deferred income	214,161	121,209
	266,828	165,183
	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	43,573	37,924
Resources deferred during the year	144,324	43,573
Amounts released from previous years	(43,573)	(37,924)
	144,324	43,573

The closing balance of deferred income relates to Universal Infant Free School Meals received in advance of the 2015/16 academic year, rates income in relation to the post year end period and CIF grant income received in advance of work completed in the next academic year.

**16. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £	2015 £
Other loans	1,680	-
	1,680	-
Creditors include amounts not wholly repayable within 5 years as follows:		
	2016 £	2015 £
Repayable by instalments	720	-
	720	-

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General Funds	24,380	17,960	(4,362)	(13,269)	-	24,709
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	-	1,332,720	(1,290,751)	(41,969)	-	-
Pupil Premium	-	39,205	(39,205)	-	-	-
Other DfE/EFA grants	-	152,083	(152,083)	-	-	-
Parents & Friends Association	-	3,149	(3,149)	-	-	-
Pension reserve	(371,000)	-	(18,000)	-	(113,000)	(502,000)
	<u>(371,000)</u>	<u>1,527,157</u>	<u>(1,503,188)</u>	<u>(41,969)</u>	<u>(113,000)</u>	<u>(502,000)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE/EFA capital grants	25,260	8,500	(18,568)	-	-	15,192
Transfer from Local Authority Condition Improvement Fund	3,007,785	-	(98,092)	-	-	2,909,693
Other grants	161,875	144,010	(9,794)	16,877	-	312,968
Other voluntary income	-	2,000	(1,082)	3,408	-	4,326
Other voluntary income	2,400	-	(600)	-	-	1,800
Capital expenditure from GAG	27,823	-	(15,303)	34,953	-	47,473
	<u>3,225,143</u>	<u>154,510</u>	<u>(143,439)</u>	<u>55,238</u>	<u>-</u>	<u>3,291,452</u>
Total restricted funds	<u>2,854,143</u>	<u>1,681,667</u>	<u>(1,646,627)</u>	<u>13,269</u>	<u>(113,000)</u>	<u>2,789,452</u>
Total of funds	<u><u>2,878,523</u></u>	<u><u>1,699,627</u></u>	<u><u>(1,650,989)</u></u>	<u><u>-</u></u>	<u><u>(113,000)</u></u>	<u><u>2,814,161</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

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

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. There has been a net transfer from the GAG of £41,969 which consists of a transfer to fund restricted fixed asset expenditure of £55,238 net of a transfer from unrestricted funds of £13,269 to equalise the closing balance.

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

The DfE/EFA restricted funds grants consists of Special Educational Needs Additional Allowance (SENA), PE Sports Grant and Universal Infant Free School Meals (UIFSM). All income streams were fully spent in the year.

Parents & Friends Association (PFA) donations relate to amounts given to the school for specific purposes. All income was fully spent at the year end.

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

Restricted fixed asset funds

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

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

The Condition Improvement Fund (CIF) income relates to funding received in relation to a roofing project. The closing balance relates to the net book value of the assets concerned.

Other grant income of £2,000 relates to funding received from LCC for a security grant towards the cost of replacing the security fencing around the property. The closing balance relates to the net book value of the assets concerned.

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	3,291,452	3,291,452	3,224,176
Current assets	293,217	-	-	293,217	190,531
Current liabilities	(266,828)	-	-	(266,828)	(165,184)
Non-current liabilities	(1,680)	-	-	(1,680)	-
Pension scheme liability	-	(502,000)	-	(502,000)	(371,000)
	<u>24,709</u>	<u>(502,000)</u>	<u>3,291,452</u>	<u>2,814,161</u>	<u>2,878,523</u>

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

	2016 £	2015 £
Net income for the year (as per statement of financial activities)	48,638	33,055
Adjustment for:		
Depreciation charges	143,439	117,257
(Increase)/decrease in stocks	(2,415)	528
Increase in debtors	(26,571)	(22,903)
Increase in creditors	103,325	77,449
Capital grants from DfE and other capital income	(154,510)	(150,744)
Capital grants from other sources	-	(3,000)
Defined benefit pension scheme cost less contributions payable	4,000	9,000
Defined benefit pension scheme finance cost	14,000	13,000
Net cash provided by operating activities	<u>129,906</u>	<u>73,642</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	212,803	139,102
Total	<u>212,803</u>	<u>139,102</u>

21. CAPITAL COMMITMENTS

At 31 August 2016 the Academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>71,652</u>	<u>1,967</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £21,813 were payable to the schemes at 31 August 2016 (2015 - 19,251) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £108,237 (2015 - £87,693).

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

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22. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £90,000 (2015 - £85,000), of which employer's contributions totalled £71,000 (2015 - £66,000) and employees' contributions totalled £19,000 (2015 - £19,000). The agreed contribution rates for future years are 21.4 - 22.4% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Inflation assumption (CPI)	2.10 %	2.70 %
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:

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.6

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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	450,000	285,000
Bonds	113,000	91,000
Property	56,000	48,000
Cash	6,000	9,000
	<hr/>	<hr/>
Total market value of assets	625,000	433,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £18,000 (2015 - £14,000).

Expected returns on assets are calculated as follows:-

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

Asset model

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

Key subjective assumptions are:

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

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

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

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22. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(75,000)	(75,000)
Net interest cost	(14,000)	(13,000)
Total	<u>(89,000)</u>	<u>(88,000)</u>

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

	2016 £	2015 £
At 1 September	804,000	694,000
Current service cost	75,000	75,000
Interest cost	32,000	27,000
Employee contributions	19,000	19,000
Actuarial losses/(gains)	197,000	(11,000)
At 31 August	<u>1,127,000</u>	<u>804,000</u>

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

	2016 £	2015 £
At 1 September	433,000	333,000
Return on plan assets (excluding net interest on the net defined pension liability)	18,000	14,000
Actuarial gains and (losses)	84,000	1,000
Employer contributions	71,000	66,000
Employee contributions	19,000	19,000
At 31 August	<u>625,000</u>	<u>433,000</u>

Sensitivity analysis

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

Change in assumptions as at 31 August 2016:	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	14%	156,000
1 year increase in member life expectancy	3%	34,000
0.5% increase in the Salary Increase Rate	5%	59,000
0.5% increase in the Pension Increase Rate	8%	92,000

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23. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
	£	£
AMOUNTS PAYABLE:		
Within 1 year	2,520	2,595
Between 1 and 5 years	840	3,360
Total	3,360	5,955

24. RELATED PARTY TRANSACTIONS

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

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

25. CONNECTED CHARITIES

The Kirby Muxloe Primary School Parent & Friend Association charity raises money for the school and then, in line with its own board decisions, donates funds for particular projects, or assets for the benefit of the academy. The charity's net assets/reserves at 31 August 2016 were £15,401 (2015: £7,956). The charity's gross income for the year to 31 August 2016 was £17,335 (2015: £13,644), its expenditure was £9,800 (2015: £7,178) and its surplus for the year was £7,535 (2015: £6,466).

26. MEMBERS' LIABILITY

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

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27. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		2,833,468	2,878,523
Total funds reported under FRS 102		<u>2,833,468</u>	<u>2,878,523</u>

Reconciliation of net income	Notes	31 August 2015 £
Net income previously reported under UK GAAP		40,055
Change in recognition of LGPS interest cost	A	<u>(7,000)</u>
Net movement in income reported under FRS 102		<u>33,055</u>

Explanation of changes to previously reported funds and net income/expenditure:

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £7,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.