

**Knowle Church of England Primary Academy**

Governors' report and financial statements

for the year ended 31 August 2021



**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

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**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Reference and Administrative Details**

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<b>Members</b>	L Mackay H Morris P J Sidwell G Breatnach Rev G P Lanham Sarah Covington (appointed 1 January 2021)
<b>Governors (Trustees)</b>	H Ager <sup>1</sup> S Covington, Chair of Governors from 1 January 2021 <sup>1</sup> J Godsall <sup>1</sup> P A Allen (resigned 2 July 2021) <sup>1</sup> L Mackay, Chair of Governors until 31 December 2020 <sup>1</sup> S Day <sup>1</sup> C Harris <sup>1</sup> S Harris D N Hillier <sup>1</sup> H Fulker H S Morris <sup>1</sup> P J Sidwell <sup>1</sup> C D Welton <sup>1</sup> H C Fitzgerald <sup>1</sup> Rev G P Lanham <sup>1</sup> C Bartley <sup>1</sup> S Rankin <sup>1</sup>

<sup>1</sup> Finance and General Purposes Committee

**Company registered number** 08437300

**Company name** Knowle Church of England Primary Academy

**Principal and registered office** Kixley Lane  
Knowle  
Solihull  
West Midlands  
B93 0JE

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Reference and Administrative Details (continued)**  
**for the year ended 31 August 2021**

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**Senior management  
team**

J Godsall, Principal and Accounting Officer  
E Clarke, Vice Principal  
M Stonehill, Vice Principal  
E Lynch, Business and Facilities Manager

**Independent auditors**

Dains LLP  
Chartered Accountants  
15 Colmore Row  
Birmingham  
B3 2BH

**Bankers**

Lloyds Bank  
Poplar Road  
Solihull  
West Midlands  
B91 3AN

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Trustees' report**  
**for the year ended 31 August 2021**

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The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

Knowle CE Primary Academy is a standalone academy trust. It serves the children and families of the village of Knowle and the surrounding area of Solihull. It offers education and childcare for children aged 3 – 11 years and currently has 503 pupils on roll.

**Structure, governance and management**

**a. Constitution**

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy.

The Governors of Knowle Church of England Primary Academy are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Knowle Church of England Primary Academy.

Details of the Governors who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

**b. 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.

**c. Method of recruitment and appointment or election of Governors**

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Memorandum of Association.

In accordance with the Articles of Association, the Academy's Governing Body comprises the following:

- Up to 3 Governors appointed by the members
- Up to 3 Foundation Governors, which shall comprise the Incumbent as an ex officio Governor and up to 2 Governors notified to the Academy by the Diocese and Knowle United Charities acting together
- A minimum of 2, and no more than 5, Parent Governors who are elected by parents of registered pupils at the Academy
- 3 Staff Governors
- 4 Community Governors
- The Principal, who is treated for all purposes as being an ex officio Governor

Governors are appointed for a four year period, except that this time limit does not apply to the Principal or the Incumbent. Subject to remaining eligible to be a particular type of Governor, any Governor may be re appointed or re elected.

When appointing new Governors, the Board will give consideration to the skills and experience mix of existing Governors in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**Structure, governance and management (continued)**

Since becoming an academy, the Governors have regularly undertaken a full skills audit to determine any weakness in the range of expertise and experiences.

**d. Policies adopted for the induction and training of Governors**

The Board of Governors has devised an informal induction process to ensure that all Governors understand their roles and responsibilities. The training and induction provided for new Governors will depend on their experience but would always include an induction meeting with the Principal and the Chair of Governors, a tour of the Academy with the Chair of Governors, and a chance to meet staff and pupils. All Governors have access to policies, procedures, minutes, accounts and budgets and other documents they will need to undertake their role as Governors. Governors make regular use of the training packages offered by the National Governors Association and Solihull LA Governor Services; these activities are coordinated by the Clerk to the Governing Body. All Governors are subject to DBS checks.

**e. Organisational structure**

The Governing Body – Full Board

- Resources and Planning Committee (includes Audit & Risk)
- Scrutiny and Standards Committee
- Pay Committee
- Curriculum and Collaborative Partnership Committee

**f. Arrangements for setting pay and remuneration of key management personnel**

The academy has a Pay Policy which is reviewed annually by the Governors and is based on the locally agreed model policy, which is in turn based on the School Teachers' Pay and Conditions document. This covers all key management personnel who are qualified teachers. The policy for other key management personnel is based on the terms and conditions of the National Joint Council for local authority services and the Solihull MBC pay bands; this is also agreed by the Governors.

Trustees' report (continued)  
for the year ended 31 August 2021

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Structure, governance and management (continued)

g. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£
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Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	2,120,185	%
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Trustees' report (continued)  
for the year ended 31 August 2021

Objectives and activities

a. Objects and aims

The principal object and activity of the charitable company is the operation of Knowle Church of England Primary Academy to provide education for pupils aged 3 - 11, in particular without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum;

The main aims of the Academy during the period ending 31 August 2021 are summarised below;

## Preparing Children for the Future

<p><b><u>Be Healthy</u></b></p> <p>We aim to empower each child to become physically, mentally and emotionally healthy in order that they can learn effectively and choose a healthy lifestyle.</p>	<p><b><u>Embrace Christian Values</u></b></p> <p>We aim to empower each child to develop socially, morally, ethically and spiritually by experiencing and sharing in our Christian beliefs and values</p>	<p><b><u>Stay Safe</u></b></p> <p>We aim to develop and sustain a happy and secure environment in which children become self-confident, articulate, emotionally aware, socially adept, literate and numerate in order to make the right life choices and, therefore, be inherently safer.</p>
<p><b><u>Make a Positive Contribution</u></b></p> <p>We aim to empower children to actively engage in the planning of their learning experiences and have the confidence to express themselves in discussion and in writing in order that they will choose to engage positively in social and community roles, becoming global citizens.</p>	<p><b><u>Enjoy and Achieve</u></b></p> <p>We aim to empower each child to experience the joy of learning and to achieve success, developing their capacity to learn independently and interdependently in order that they choose to be engaged in lifelong learning.</p>	<p><b><u>Achieve Economic Well-being</u></b></p> <p>We aim to empower each child to develop a positive attitude, become self-motivated, and develop key academic and social skills, which enable them to think creatively and choose to impact on, influence and shape the world they live in.</p>



**Trustees' report (continued)**  
**for the year ended 31 August 2021**

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**Objectives and activities (continued)**

**b. Objectives, strategies and activities**

The following key areas for development in 2020/21 were prioritised as follows:

The national and local response to the global pandemic (COVID-19) continued to determine the circumstances under which the academy was required to operate.

In the **Autumn term** our priorities were:

- To maintain a safe learning environment for all pupils and staff.
- To assess the impact of the pandemic on our pupils and families and adapt our provision accordingly – with a particular focus on health and well-being.
- To embark on delivering a bespoke Recovery Curriculum for all pupils utilising the additional Catch Up funding to support this process.

In the **Spring term** our priorities changed due to the reintroduction of a national 'lockdown' which required the academy to follow a programme of 'blended' learning as the majority of pupils were required to stay at home:

- To enhance the measures for maintaining a safe learning environment for pupils and staff attending school.
- To support the work of those on the front line of the pandemic, i.e. NHS staff, by educating their children onsite.
- To develop and implement an effective strategy for the delivery of lessons (at the same time) to pupils attending school and children learning remotely from home.
- To adapt the Recovery Curriculum to allow a more 'blended' approach so that pupils have continuity of learning whether completed in school or at home.

In the **Summer term** priorities shifted again as pupils were allowed to return to schools as national 'lockdown' restrictions were eased:

- To maintain a safe learning environment for all pupils and staff.
- To assess the impact of the extension to remote learning and to adapt our Recovery Curriculum accordingly.
- To reintroduce those areas of learning that had been compromised by the restrictions placed on schools as measures were gradually stood down.
- To assess the extent to which our provision both 'in-school' and 'remote' had enabled pupils to recover lost learning during the period.

**c. Public benefit**

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

## **Strategic report**

### **Achievements and performance**

The normal functioning of schools in the academic year September 2020 to August 2021 continued to be affected by the COVID-19 pandemic. Between September 2020 and December 2020 the academy was open to all pupils but was required to work under strict guidelines provided by the DfE and Public Health England. Excellent progress was made against the academy's identified areas for key development during this term. For the duration of the Spring term the academy was operating under the national 'lockdown' guidance and responded proactively to the requirements to adapt and develop its capacity to offer 'blended' learning and ensure the continuity of education for all its pupils. In the summer term, all pupils were once again allowed to return to school and the academy made further adaptations to its provision. Our evaluations, assessments and feedback from parents and carers strongly support the view that the academy has continued to provide a quality education for its pupils, despite the unprecedented circumstances.

#### **a. Key performance indicators**

Due to the COVID-19 pandemic and the restrictions placed on schools by the Government, the Department for Education cancelled all statutory National Curriculum assessment for this academic year. However, our own internal monitoring and assessment showed that:

<b>Subject</b>	<b>% of pupils in Y1 to Y6 who had 'recovered' their academic performance by the end of the Summer term</b>
<b>Reading</b>	<b>83%</b>
<b>Writing</b>	<b>75%</b>
<b>Mathematics</b>	<b>82%</b>

Feedback from parents regarding our 'blended' learning provision over the academic year was overwhelmingly positive with 86% of responders answering in either the 'Strongly Agree' or 'Agree' categories.

#### **b. Going concern**

The Governors assess whether the use of the going concern basis is appropriate and whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. After making appropriate enquiries, the Board of Governors has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

### **Financial review**

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**for the year ended 31 August 2021**

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**Strategic report (continued)**

**a. Review of financial performance**

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and these are shown in the Statement of Financial Activities as Restricted Income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2021, total expenditure (excluding movements on the Fixed Asset Fund and movements on the pension reserve) of £2,398,117 was covered by recurrent grant funding from the DfE, together with other incoming resources of £2,430,259 and without the use of any of the Academy's brought forward funds.

At 31 August 2021, the net book value of fixed assets was £5,669,796 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

**b. Reserves policy**

The Governors review the reserve levels of the Academy termly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review. The Academy has determined that it will maintain a reserve of Restricted Funds of 5% of its total budget (circa £150,000) to offset unforeseen circumstances. Regular monitoring of this will ensure that reserves do not drop below 3%.

The Academy's current level of unrestricted reserves is £201,191 (2020 - £271,509). The Governors' plan to use these funds to further augment staffing to support the teaching of our pupils, post-COVID; to provide training and support for Subject Leaders as they review and improve the curriculum; to make necessary improvements to the outdoor learning environment for our Nursery (Phase 2), complete a planned redecoration of selected halls, classroom and toilet facilities and offset the losses to income related to our Extended Services provision which occurred as a consequence of the restrictions to opening due to the pandemic. It will also be used to supplement the budget in the future as forecasts indicate that this will be necessary. The Academy's current level of free reserves is £201,191 (2020 - £276,941).

**c. Investment policy**

The Governors have reviewed the academy's policy in the light of the impact of the COVID pandemic on investment opportunities. Interest rates remain very low and it has not been possible to find a worthwhile investment opportunity within the permitted rules for investment so it was decided to discontinue investing at this time. This decision will be reviewed annually.

**d. Financial risk management objectives and policies**

Whilst the Academy has an adequate intake of pupils, risks to revenue funding from a falling roll are small. The changes to the way in which the Government funds education, i.e. the National Funding Formula has had a positive impact on the academy, which has been historically less well funded than similar schools in other areas however, increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance and General Purposes Committee meetings.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governors recognise that the defined benefit scheme deficit (Local Government Pension Scheme) which is set out in Note 22 to the financial statements represents a significant potential liability. However, as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

**e. Principal risks and uncertainties**

The principal risks and uncertainties facing the Academy are as follows:

- Financial - considerable reliance on continued funding from ESFA/Extended Services
- Failures in Governance or Management
- Reputational
- Safeguarding and Child Protection
- Fraud and Mismanagement of Funds
- Staffing

**f. Risk management**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to specific teaching, provision of facilities and other operational areas of the Academy. With regard to financial risk, the Governors have developed a system to assess risks i.e. The Risk Management Policy/Risk Register. This ensures that systems and internal financial controls are reviewed at least annually in order to minimise risk; all identified risks are reviewed again on at least an annual basis. Where significant financial risk still remains the Governors have ensured that they have adequate insurance cover.

**Fundraising**

Fundraising for the Academy is undertaken by the Parents' Association. They operate as a registered Charity in their own right and are organised and managed by an elected committee of parents. A member of the academy staff has a designated role to act as liaison and, as such, attends all committee meetings, providing feedback to the Principal which enables effective oversight. The Governors are confident that the Parents' Association fundraising activities conform to recognised standards. The nature of the fundraising i.e. parents are invited to attend fundraising events which may be chargeable or invite financial contribution ensures that the approach is not unreasonably intrusive or persistent and does not result in undue pressure to donate.

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**for the year ended 31 August 2021**

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**Plans for future periods**

The focus for school improvement in 2021/22 is to:

Remain a safe, COVID secure place for pupils and staff to continue to engage in learning and teaching during the academic year for as long as this remains necessary. This will include responding appropriately to the Government and Public Health England's guidelines and strict adherence to required policy and procedures. Risk Assessments and operational plans will be regularly updated to address this.

**In order to sustain the judgement of Outstanding for Overall Effectiveness the academy has identified the following key priorities:**

- To review and improve pedagogy and practice across the school to ensure that the needs of all pupils are met appropriately (in particular those pupils with SEND and/or identified vulnerability) and that progress and achievement outcomes are at least good and often outstanding for every pupil.
- To further revise and improve our curriculum (taking into account the impact of the pandemic) to ensure that it is tailored to all our pupils' needs, addresses our concerns with regards to Health and Well-being (SMILE) and continues to provide experiences that enable genuine breadth and depth of learning for our pupils.
- To review and improve the way in which we teach Reading across the school to ensure that we have a consistent approach that is well understood by all members of the teaching team and results in pupils attaining standards that are at least, in line with the individual's prior attainment and, by cohort, are better than national age-related expectations.

**Disclosure of information to auditors**

Insofar as the Governors are aware:


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

**Auditors**

The auditors, Dains LLP, have indicated their willingness to continue in office. The designated Governors will propose a motion reappointing the auditors at a meeting of the Governors.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 6 December 2021 and signed on its behalf by:

  
**S Covington**  
(Chair of Governors)

  
**J Godsall**  
Principal and Accounting Officer

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Governance Statement**

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**Scope of responsibility**

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

As Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Governors has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Knowle Church of England Primary Academy 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 Governors' report and in the statement of Governors' responsibilities and in the Statement of Governors' responsibilities. The Board of Governors has formally met 3 times during the year.

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

Trustee	Meetings attended	Out of a possible
H Ager	2	3
S Covington, Chair of Governors from 1 January 2021	3	3
J Godsall	3	3
P A Allen (resigned 02/07/21)	3	3
L Mackay, Chair of Governors until 31 December 2020	3	3
S Day	2	3
C Harris*	1	3
S Harris	1	3
D N Hillier	3	3
H Fulker	2	3
H S Morris	3	3
P J Sidwell	2	3
C D Welton	3	3
H C Fitzgerald	0	3
Rev G P Lanham	3	3
C Bartley	2	3
S Rankin	3	3

\*Maternity/leave during 2020/2021

**Governance Statement (continued)**

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**Governance (continued)**

In order to comply with the requirements of The Academies Handbook 2020, with regard to the numbers of times the Board should meet and how it maintained effective oversight of funds during this period, the following arrangements were put in place:

- Management Accounts to be produced every month and to be shared with the Chair of the Resources & Planning Committee at a monthly meeting held with The Accounting Officer, The Business and Facilities Manager and the Finance Manager.
- The most up-to-date Management Accounts to be presented to the Resources and Planning Committee once per term and subsequently reported back to the Full Board each term.
- In the intervening months between committee meetings, the Management Accounts to be securely emailed to all Governors, including the Chair of Governors, who will be asked to comment and raise questions, which will then be considered by the Finance Manager and a response provided.

**Governance reviews:**

During this academic year there have been no changes to the composition of the Board of Governors other than: Lynda Mackay retired from the position of Chair of Governors on 31st December 2020 and Sarah Covington was duly elected to replace her and took up the position on 1st January 2021.

The Scrutiny and Standards Committee is a sub-committee of the main Board of Governors. As part of its remit members scrutinise data provided by the Senior Leadership of the Academy, the local authority and national data sets provided by the DfE and the STA (Standards and Testing Agency). The committee is able to compare and contrast the information provided via these different sources and is therefore confident that they have an accurate picture of the academic performance of the school. Whilst this committee was unable to review any Statutory National Curriculum assessment data, due to cancellation of statutory assessment by the DfE, it was able to scrutinise and review internal assessment data provided by the academy.

As a result, the Board continues to function effectively, discharging all duties as required by the DfE in the 'Governance Handbook' – 2017, the 'Competence Framework for Governors' – 2017 and the 'Academies Financial Handbook 2020'.

The Finance and General Purposes Committee (Resources and Planning) is a sub committee of the main Board of Governors. Its purpose is to:

- Monitor, evaluate and review policy and performance in relation to financial management
- Ensure compliance with reporting and regulatory requirements
- Set targets to measure financial and other performance
- Receive and act upon reports from the Responsible Officer
- Draft the annual budget
- Ensure delegation of authority and segregation of duties
- Identify and manage risks

Attendance at Finance and General Purposes Committee meetings in the year was as follows:

Due to the COVID-19 pandemic the usual three meetings scheduled to take place were restructured to accommodate in-depth criteria-led discussion using 'virtual' technology. For the Autumn and Spring terms these were separated out as Meeting 1) – Maintenance and Planned Works, Meeting 2) – Staffing and Meeting 3) - Finance – including Audit and Risk. In the Summer term, Meetings 1 and 2 were combined. In addition, the committee meetings were supplemented by a monthly face-to-face meeting between the Accounting Officer, Finance Manager, Business & Facilities Manager and the Chair and Vice Chair of the Resources & Planning Committee.



**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Governance Statement (continued)**

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**Governance (continued)**

Trustee	Meetings attended	Out of a possible
H Ager	7	8
P A Allen	8	8
C Bartley	8	8
S Rankin	8	8
S Covington	8	8
S Day	7	8
H C Fitzgerald	8	8
J Godsall	8	8
C Harris*	1	8
D N Hillier	8	8
Rev G P Lanham**	0	8
L Mackay	8	8
P J Sidwell	6	8
C Welton	7	8
H Morris	7	8

\* Maternity leave during 2020/2021

\*\* Stood down from committee on 18/03/2021 due to work commitments

**Review of value for money**

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

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

As Accounting Officer, the Principal has ensured the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. This has been achieved by strict adherence to all agreed policies and procedures, open and transparent decisions about the recruitment, retention and deployment of staff, robust monitoring of all aspects of the Academy's work including monthly finance monitoring meetings and a full programme of Academy self evaluation processes. Providers of all goods and services are regularly reviewed for value for money and quality assurance purposes. Governors were kept informed and up to date throughout the academic year via the appropriate committee meetings.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Knowle Church of England Primary Academy for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.



**Governance Statement (continued)**

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**Capacity to handle risk**

The Board of Governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

**The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and General Purposes 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
- identification and management of risks

The Board of Trustees has decided to employ MLG Education Services as internal auditor.

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

- testing of related party transactions
- testing of process and accuracy of identifying and allocating ESFA grants
- website compliance
- compliance regarding the number of Governing Body meetings
- process for monitoring the financial impact of COVID
- reviewing process for 3-year budget forecasting
- effective use of KPIs
- testing of transactions relating to debit card, ParentPay and payroll
- review of Risk Register

On an annual basis, the internal auditor reports to the Board of Governors through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The internal auditor has delivered the schedule of work as planned and has not identified any material control issues.

**Knowle Church of England Primary Academy**  
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**Governance Statement (continued)**

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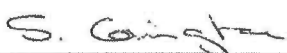
**Review of effectiveness**


As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditors;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 Finance and General Purposes 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 6 December 2021 and signed on their behalf by:

  
\_\_\_\_\_  
**S Covington**  
Chair of Governors

  
\_\_\_\_\_  
**J Godsall**  
Accounting Officer

**Knowle Church of England Primary Academy**  
(A company limited by guarantee)

**Statement on Regularity, Propriety and Compliance**

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As accounting officer of Knowle Church of England Primary Academy I have considered my responsibility to notify the academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the academy Board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2020.

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



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**J Godsall**  
Accounting Officer  
Date: 6 December 2021

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Statement of Governors' responsibilities**  
**for the year ended 31 August 2021**

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

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

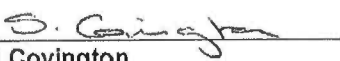
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 6 December 2021 and signed on its behalf by:

  
**S Covington**  
(Chair of Governors)

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Independent Auditors' Report on the financial statements to the Members of Knowle Church of England Primary Academy**

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**Opinion**

We have audited the financial statements of Knowle Church of England Primary Academy (the 'academy') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2021 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

**Independent Auditors' Report on the financial statements to the Members of Knowle Church of England Primary Academy (continued)**

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**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

**Responsibilities of trustees**

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

**Independent Auditors' Report on the financial statements to the Members of Knowle Church of England Primary Academy (continued)**

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**Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the Academy sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors;

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Independent Auditors' Report on the financial statements to the Members of Knowle Church of England Primary Academy (continued)**

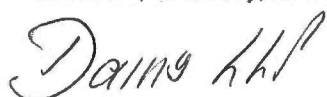
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Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Morris FCA (Senior Statutory Auditor)**

for and on behalf of  
**Dains LLP**

Chartered Accountants  
Statutory Auditors

Birmingham

6 December 2021



**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Independent Reporting Accountant's Assurance Report on Regularity to Knowle Church of England Primary Academy and the Education & Skills Funding Agency**

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In accordance with the terms of our engagement letter dated 24 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Knowle Church of England Primary Academy during the year 1 September 2020 to 31 August 2021 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 Knowle Church of England Primary Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Knowle Church of England Primary Academy and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Knowle Church of England Primary Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Knowle Church of England Primary Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Knowle Church of England Primary Academy's funding agreement with the Secretary of State for Education dated 28 March 2013 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**Knowle Church of England Primary Academy**  
(A company limited by guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to Knowle Church of England Primary Academy and the Education & Skills Funding Agency (continued)**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Dains LLP**  
Chartered Accountants  
Statutory Auditors

Birmingham

Date: 6 December 2021

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Statement of financial activities (incorporating income and expenditure account)**  
**for the year ended 31 August 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Income from:</b>						
Donations and capital grants	3	10,840	7,820	19,535	38,195	34,443
Other trading activities	5	4,638	-	-	4,638	4,512
Investments	6	50	-	-	50	3,050
Charitable activities: Funding for the Academy's educational operations	4	176,343	2,230,568	-	2,406,911	2,256,798
<b>Total income</b>		<b>191,871</b>	<b>2,238,388</b>	<b>19,535</b>	<b>2,449,794</b>	<b>2,298,803</b>
<b>Expenditure on:</b>						
Raising funds	7	200,308	-	-	200,308	202,133
Charitable activities	8	3,450	2,353,359	173,823	2,530,632	2,380,303
<b>Total expenditure</b>		<b>203,758</b>	<b>2,353,359</b>	<b>173,823</b>	<b>2,730,940</b>	<b>2,582,436</b>
<b>Net expenditure</b>		<b>(11,887)</b>	<b>(114,971)</b>	<b>(154,288)</b>	<b>(281,146)</b>	<b>(283,633)</b>
Transfers between funds	16	(58,431)	(49,461)	107,892	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(70,318)</b>	<b>(164,432)</b>	<b>(46,396)</b>	<b>(281,146)</b>	<b>(283,633)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	22	-	(72,000)	-	(72,000)	(361,000)
<b>Net movement in funds</b>		<b>(70,318)</b>	<b>(236,432)</b>	<b>(46,396)</b>	<b>(353,146)</b>	<b>(644,633)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		271,509	(2,031,568)	5,716,192	3,956,133	4,600,766
Net movement in funds		(70,318)	(236,432)	(46,396)	(353,146)	(644,633)
<b>Total funds carried forward</b>		<b>201,191</b>	<b>(2,268,000)</b>	<b>5,669,796</b>	<b>3,602,987</b>	<b>3,956,133</b>

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

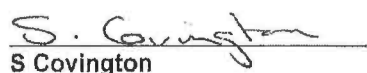
The notes on pages 28 to 55 form part of these financial statements.

Knowle Church of England Primary Academy  
(A company limited by guarantee)  
Registered number: 08437300

Balance sheet  
for the year ended 31 August 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	5,669,796	5,716,192
<b>Current assets</b>			
Debtors	14	60,836	97,930
Cash at bank and in hand		362,510	448,487
		<u>423,346</u>	<u>546,417</u>
Creditors: amounts falling due within one year	15	(222,155)	(269,476)
<b>Net current assets</b>		<u>201,191</u>	<u>276,941</u>
<b>Total assets less current liabilities</b>		<u>5,870,987</u>	<u>5,993,133</u>
Defined benefit pension scheme liability	22	(2,268,000)	(2,037,000)
<b>Total net assets</b>		<u><u>3,602,987</u></u>	<u><u>3,956,133</u></u>
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	16	5,669,796	5,716,192
Restricted income funds	16	-	5,432
Restricted funds excluding pension asset	16	<u>5,669,796</u>	<u>5,721,624</u>
Pension reserve	16	<u>(2,268,000)</u>	<u>(2,037,000)</u>
<b>Total restricted funds</b>	16	<u>3,401,796</u>	<u>3,684,624</u>
Unrestricted income funds			
General funds	16	<u>201,191</u>	<u>271,509</u>
<b>Total funds</b>		<u><u>3,602,987</u></u>	<u><u>3,956,133</u></u>

The financial statements on pages 25 to 55 were approved by the Trustees, and authorised for issue on 06 December 2021 and are signed on their behalf, by:

  
S Covington  
(Chair of Governors)

The notes on pages 28 to 55 form part of these financial statements.

**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Statement of cash flows**  
**for the year ended 31 August 2021**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	18	<b>21,865</b>	(104,532)
<b>Cash flows from investing activities</b>	19	<b>(107,842)</b>	(68,003)
<b>Change in cash and cash equivalents in the year</b>		<b>(85,977)</b>	(172,535)
Cash and cash equivalents at the beginning of the year		<b>448,487</b>	621,022
<b>Cash and cash equivalents at the end of the year</b>	20, 21	<b>362,510</b>	448,487

The notes on pages 28 to 55 form part of these financial statements

**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Knowle Church of England Primary Academy meets the definition of a public benefit entity under FRS 102.

**1.2 Going concern**

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

**Notes to the financial statements**  
**for the year ended 31 August 2021**

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**1. Accounting policies (continued)**

**1.3 Income**

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

- **Donated fixed assets (excluding transfers on conversion or into the academy)**

Where the donated good is a fixed asset it is 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 Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's accounting policies.

**1. Accounting policies (continued)**

**1.4 Expenditure**

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the statement of financial activities as the related expenditure is incurred.

**1.6 Tangible fixed assets**

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

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

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



**1. Accounting policies (continued)**

**1.6 Tangible fixed assets (continued)**

Depreciation is provided on the following bases:

Long Term Leasehold Property	- 2% straight line
Long Term Leasehold Land	- Over period of lease
Furniture and fixtures	- 10% straight line
Computer equipment	- 25% straight line
Catering equipment	- 10% straight line

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

**1.7 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**1.8 Operating leases**

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

**1.9 Debtors**

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

**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**

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.

**1. Accounting policies (continued)**

**1.12 Provisions**

Provisions are recognised when the academy 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.

**1.13 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**1.14 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 Part 11, chapter 3 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.

**Notes to the financial statements**  
**for the year ended 31 August 2021**

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**1. Accounting policies (continued)**

**1.15 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.16 Fund accounting**

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

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

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

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

**Notes to the financial statements**  
**for the year ended 31 August 2021**

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**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Tangible fixed assets are depreciated over the useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

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**Notes to the financial statements**  
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**3. Income from donations and capital grants**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Restricted fixed asset funds 2021 £</b>	<b>Total funds 2021 £</b>
Trip income	6,862	-	-	<b>6,862</b>
Capital grants	-	-	9,535	<b>9,535</b>
Other donations	3,978	7,820	-	<b>11,798</b>
Donated fixed assets	-	-	10,000	<b>10,000</b>
<b>Total 2021</b>	<b>10,840</b>	<b>7,820</b>	<b>19,535</b>	<b>38,195</b>

	<b>Unrestricted funds 2020 £</b>	<b>Restricted fixed asset funds 2020 £</b>	<b>Total funds 2020 £</b>
Trip income	12,652	-	12,652
Capital grants	-	15,241	15,241
Other donations	6,550	-	6,550
<b>Total 2020</b>	<b>19,202</b>	<b>15,241</b>	<b>34,443</b>

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**Notes to the financial statements**  
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**4. Funding for the academy's educational operations**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>
<b>DfE/ESFA grants</b>			
General annual grant (GAG)	-	1,672,500	<b>1,672,500</b>
Other DfE/ESFA grants			
Pupil premium	-	64,976	<b>64,976</b>
Rates funding	-	6,850	<b>6,850</b>
PE sports grant	-	19,880	<b>19,880</b>
Universal infant free school meals grant	-	72,920	<b>72,920</b>
Teachers pay and pension grant	-	89,956	<b>89,956</b>
	-	1,927,082	<b>1,927,082</b>
<b>Other Government grants</b>			
Nursery funding	-	174,712	<b>174,712</b>
SEN funding	-	39,843	<b>39,843</b>
	-	214,555	<b>214,555</b>
<b>Other income from the academy's educational operations</b>	176,343	35,454	<b>211,797</b>
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up Premium	-	35,040	<b>35,040</b>
Coronavirus Job Retention Schem grant	-	18,437	<b>18,437</b>
	-	53,477	<b>53,477</b>
<b>Total 2021</b>	<b>176,343</b>	<b>2,230,568</b>	<b>2,406,911</b>

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**Notes to the financial statements**  
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**4. Funding for the academy's educational operations (continued)**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>
<b>DfE/ESFA grants</b>			
General annual grant (GAG)	-	1,556,454	1,556,454
Other DfE/ESFA grants			
Pupil premium	-	65,606	65,606
Rates funding	-	6,350	6,350
PE sports grant	-	19,890	19,890
Universal infant free school meals grant	-	77,747	77,747
Teachers pay and pension grant	-	91,424	91,424
	-	1,817,471	1,817,471
<b>Other Government grants</b>			
Nursery funding	-	175,706	175,706
SEN income	-	28,750	28,750
	-	204,456	204,456
<b>Other income from the academy's educational operations</b>	161,827	52,186	214,013
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up Premium	-	4,518	4,518
Coronavirus Job Retention Scheme grant	-	16,340	16,340
	-	20,858	20,858
	161,827	2,094,971	2,256,798

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

During the year, the academy received £35,040 (2020 - £4,518) relating to COVID-19 catch up premium. Expenditure matching this amount was spent in the year. Also during the year, the academy received £18,437 (2020 - £16,340) in relation to COVID-19 job retention scheme. Expenditure matching this was spent in the year.

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**5. Income from other trading activities**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Hire of facilities	3,200	<b>3,200</b>
Photo commission	1,438	<b>1,438</b>
<b>Total 2021</b>	<u>4,638</u>	<u><b>4,638</b></u>

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Hire of facilities	3,564	3,564
Photo commission	948	948
<b>Total 2020</b>	<u>4,512</u>	<u>4,512</u>

**6. Investment income**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Bank interest receivable	<u>50</u>	<u><b>50</b></u>

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Bank interest receivable	<u>3,050</u>	<u>3,050</u>



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**7. Expenditure**

	<b>Staff Costs 2021 £</b>	<b>Premises 2021 £</b>	<b>Other 2021 £</b>	<b>Total 2021 £</b>
Expenditure on raising voluntary income:				
Direct costs	191,998	-	8,310	<b>200,308</b>
Academy's educational operations:				
Direct costs	1,687,246	112,799	224,442	<b>2,024,487</b>
Support costs	240,941	91,821	173,383	<b>506,145</b>
<b>Total 2021</b>	<b>2,120,185</b>	<b>204,620</b>	<b>406,135</b>	<b>2,730,940</b>

	<b>Staff Costs 2020 £</b>	<b>Premises 2020 £</b>	<b>Other 2020 £</b>	<b>Total 2020 £</b>
Expenditure on raising voluntary income:				
Direct costs	188,766	-	13,367	202,133
Academy's educational operations:				
Direct costs	1,500,978	111,248	209,587	1,821,813
Support costs	227,068	113,973	217,449	558,490
<b>Total 2020</b>	<b>1,916,812</b>	<b>225,221</b>	<b>440,403</b>	<b>2,582,436</b>

**8. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2021 £</b>	<b>Support costs 2021 £</b>	<b>Total funds 2021 £</b>
Educational operations	2,024,487	506,145	<b>2,530,632</b>

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**8. Analysis of expenditure by activities (continued)**

	<b>Activities undertaken directly 2020 £</b>	<b>Support costs 2020 £</b>	<b>Total funds 2020 £</b>
Educational operations	1,821,813	558,490	2,380,303

**Analysis of direct costs**

	<b>Total funds 2021 £</b>	<b>Total funds 2020 £</b>
Pension finance costs	32,000	27,000
Staff costs	1,687,246	1,500,978
Depreciation	112,861	111,248
Educational supplies	47,762	36,683
Technology costs	14,147	8,654
Educational consultancy	12,616	12,383
Supply teacher insurance	325	390
Catering	117,530	124,477
	<b>2,024,487</b>	<b>1,821,813</b>

**Analysis of support costs**

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**Notes to the financial statements**  
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**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs (continued)**

	<b>Total funds 2021 £</b>	<b>Total funds 2020 £</b>
Staff costs	240,941	227,068
Depreciation	60,962	57,630
Staff development	5,926	10,709
Technology costs	25,573	29,028
Other support costs	23,563	35,101
Recruitment and support	387	388
Maintenance of premises	19,632	48,124
Maintenance of equipment	2,112	15,886
Cleaning	11,606	9,648
Photocopying	13,277	9,864
Rates	(1,516)	6,802
Water rates	11,179	6,364
Energy	21,797	23,802
Insurance	27,607	19,233
Other occupancy costs	28,725	34,873
Governance costs	14,374	23,970
	<b>506,145</b>	<b>558,490</b>

**9. Net expenditure**

Net expenditure for the year includes:

	<b>2021 £</b>	<b>2020 £</b>
Operating lease rentals	4,212	5,819
Depreciation of tangible fixed assets	173,024	168,878
Fees paid to auditors for:		
- audit	6,750	6,400
- other services	1,600	2,475

**Knowle Church of England Primary Academy**  
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**Notes to the financial statements**  
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**10. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	1,437,965	1,354,180
Social security costs	124,369	111,270
Pension costs	502,398	412,625
	<u>2,064,732</u>	<u>1,878,075</u>
Agency staff costs	55,453	38,737
	<u>2,120,185</u>	<u>1,916,812</u>

**b. Staff numbers**

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

	2021 No.	2020 No.
Teachers	21	19
Administrative and support	33	36
Management	4	4
Extended services	10	14
	<u>68</u>	<u>73</u>

**c. Higher paid staff**

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

	2021 No.	2020 No.
In the band £80,001 - £90,000	<u>1</u>	<u>1</u>

**d. Key management personnel**

The key management personnel of the academy comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £319,779 (2020 - £306,815).

**11. Trustees' remuneration and expenses**

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

		<b>2021</b>	<b>2020</b>
		<b>£000's</b>	<b>£000's</b>
J Godsall (resigned 31 July 2021)	Remuneration	<b>85 - 90</b>	85 - 90
	Pension contributions paid	<b>20 - 25</b>	20 - 25
H Fulker	Remuneration	<b>35 - 40</b>	35 - 40
	Pension contributions paid	<b>10 - 15</b>	5 - 10
C Harris	Remuneration	<b>5 - 10</b>	15 - 20
	Pension contributions paid	<b>0 - 5</b>	0 - 5
P A Allen (resigned 2 July 2021)	Remuneration	<b>10 - 15</b>	10 - 15
	Pension contributions paid	<b>0 - 5</b>	0 - 5

During the year no Governor received any benefits in kind (2020 - £NIL)

During the year ended 31 August 2021, no Governor expenses have been incurred (2020 - £NIL).

**12. Trustees' and Officers' insurance**

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

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**13. Tangible fixed assets**

	Longterm leasehold land and buildings £	Furniture and fixtures £	Computer equipment £	Catering equipment £	Total £
<b>Cost or valuation</b>					
At 1 September 2020	6,331,839	388,025	124,886	74,700	6,919,450
Additions	97,608	3,919	25,900	-	127,427
Disposals	-	-	(12,020)	-	(12,020)
At 31 August 2021	6,429,447	391,944	138,766	74,700	7,034,857
<b>Depreciation</b>					
At 1 September 2020	808,455	239,216	100,184	55,403	1,203,258
Charge for the year	112,861	38,653	14,839	7,470	173,823
On disposals	-	-	(12,020)	-	(12,020)
At 31 August 2021	921,316	277,869	103,003	62,873	1,365,061
<b>Net book value</b>					
At 31 August 2021	5,508,131	114,075	35,763	11,827	5,669,796
At 31 August 2020	5,523,384	148,809	24,702	19,297	5,716,192

**14. Debtors**

	2021 £	2020 £
<b>Due within one year</b>		
VAT repayable	17,769	39,574
Other debtors	352	14
Prepayments and accrued income	42,715	58,342
	60,836	97,930

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**15. Creditors: Amounts falling due within one year**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Trade creditors	<b>62,340</b>	122,309
Other taxation and social security	<b>29,441</b>	25,759
Other creditors	<b>38,025</b>	34,838
Accruals and deferred income	<b>92,349</b>	86,570
	<u><b>222,155</b></u>	<u>269,476</u>
	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Deferred income at 1 September 2020	<b>50,961</b>	60,135
Resources deferred during the year	<b>56,015</b>	50,961
Amounts released from previous periods	<b>(50,961)</b>	(60,135)
	<u><b>56,015</b></u>	<u>50,961</u>

Included within deferred income are monies received in advance from the ESFA for free school meals and income received in advance for before and after school clubs.

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**16. Statement of funds**

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>						
General Funds	271,509	191,871	(203,758)	(58,431)	-	201,191
<b>Restricted funds</b>						
General Annual Grant (GAG)	5,432	1,672,500	(1,628,471)	(49,461)	-	-
Universal infant free school meal	-	72,920	(72,920)	-	-	-
Pupil premium	-	64,976	(64,976)	-	-	-
Other DfE/ESFA and government grants	-	384,718	(384,718)	-	-	-
Other restricted income	-	10,693	(10,693)	-	-	-
Catering income	-	32,581	(32,581)	-	-	-
Pension reserve	(2,037,000)	-	(159,000)	-	(72,000)	(2,268,000)
	<u>(2,031,568)</u>	<u>2,238,388</u>	<u>(2,353,359)</u>	<u>(49,461)</u>	<u>(72,000)</u>	<u>(2,268,000)</u>
<b>Restricted fixed asset funds</b>						
Assets funded from GAG	46,245	-	(3,573)	107,892	-	150,564
Assets inherited on conversion	5,303,166	-	(50,260)	-	-	5,252,906
Devolved capital grant	52,046	9,535	(18,180)	-	-	43,401
Donations for capital assets & donated assets	56,016	10,000	(24,873)	-	-	41,143
Capital maintenance fund	166,691	-	(64,344)	-	-	102,347
Local authority capital funding	92,028	-	(12,593)	-	-	79,435
	<u>5,716,192</u>	<u>19,535</u>	<u>(173,823)</u>	<u>107,892</u>	<u>-</u>	<u>5,669,796</u>
<b>Total Restricted funds</b>	<u>3,684,624</u>	<u>2,257,923</u>	<u>(2,527,182)</u>	<u>58,431</u>	<u>(72,000)</u>	<u>3,401,796</u>
<b>Total funds</b>	<u><u>3,956,133</u></u>	<u><u>2,449,794</u></u>	<u><u>(2,730,940)</u></u>	<u><u>-</u></u>	<u><u>(72,000)</u></u>	<u><u>3,602,987</u></u>



**16. Statement of funds (continued)**

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

**Unrestricted funds**

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

**Restricted general fund**

This fund represents grants and other income received for the Academy's operational activities and development.

**Pension reserve**

The pension reserve included within restricted general funds represents the Academy's share of the pension liability arising on the LGPS pension fund.

**Restricted fixed asset fund**

This fund represents grants received from the DfE, ESFA, Local Authority, the Parents' Association and other donations to carry out works of a capital nature.

**Transfers between funds**

Transfers include the transfer of GAG and general funds to fund capital purchases.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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**16. Statement of funds (continued)**

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
<b>Unrestricted funds</b>						
General Funds	268,711	204,931	(202,133)	-	-	271,509
<b>Restricted funds</b>						
General Annual Grant (GAG)	70,472	1,556,454	(1,593,248)	(28,246)	-	5,432
Other Dfe/ESFA and government grants	-	469,991	(469,991)	-	-	-
Other restricted income	-	2,167	(2,167)	-	-	-
Catering	-	50,019	(50,019)	-	-	-
Pension reserve	(1,580,000)	-	(96,000)	-	(361,000)	(2,037,000)
	<u>(1,509,528)</u>	<u>2,078,631</u>	<u>(2,211,425)</u>	<u>(28,246)</u>	<u>(361,000)</u>	<u>(2,031,568)</u>
<b>Restricted fixed asset funds</b>						
Assets funded from GAG	20,489	-	(2,490)	28,246	-	46,245
Assets inherited on conversion	5,418,115	-	(114,949)	-	-	5,303,166
Devolved capital grant	39,356	15,241	(2,551)	-	-	52,046
Donations for capital assets & donated assets	69,941	-	(13,925)	-	-	56,016
Capital maintenance fund	199,466	-	(32,775)	-	-	166,691
Local authority capital funding	94,216	-	(2,188)	-	-	92,028
	<u>5,841,583</u>	<u>15,241</u>	<u>(168,878)</u>	<u>28,246</u>	<u>-</u>	<u>5,716,192</u>
<b>Total Restricted funds</b>	<u>4,332,055</u>	<u>2,093,872</u>	<u>(2,380,303)</u>	<u>-</u>	<u>(361,000)</u>	<u>3,684,624</u>
<b>Total funds</b>	<u><u>4,600,766</u></u>	<u><u>2,298,803</u></u>	<u><u>(2,582,436)</u></u>	<u><u>-</u></u>	<u><u>(361,000)</u></u>	<u><u>3,956,133</u></u>

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17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	5,669,796	5,669,796
Current assets	201,191	214,860	6,560	422,611
Creditors due within one year	-	(214,860)	(6,560)	(221,420)
Provisions for liabilities and charges	-	(2,268,000)	-	(2,268,000)
<b>Total</b>	<b>201,191</b>	<b>(2,268,000)</b>	<b>5,669,796</b>	<b>3,602,987</b>

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	5,716,192	5,716,192
Current assets	272,208	251,901	22,308	546,417
Creditors due within one year	(699)	(246,469)	(22,308)	(269,476)
Provisions for liabilities and charges	-	(2,037,000)	-	(2,037,000)
<b>Total</b>	<b>271,509</b>	<b>(2,031,568)</b>	<b>5,716,192</b>	<b>3,956,133</b>

Notes to the financial statements  
for the year ended 31 August 2021

18. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the year (as per statement of financial activities)	(281,146)	(283,633)
<b>Adjustments for:</b>		
Depreciation	173,823	168,878
Capital grants from DfE and other capital income	(19,535)	(15,241)
Interest receivable	(50)	(3,050)
Defined benefit pension scheme cost less contributions payable	159,000	96,000
Decrease/(increase) in debtors	37,130	(55,432)
Decrease in creditors	(47,357)	(12,054)
<b>Net cash provided by/(used in) operating activities</b>	<b>21,865</b>	<b>(104,532)</b>

19. Cash flows from investing activities

	2021 £	2020 £
Interest receivable	50	3,050
Purchase of tangible fixed assets	(127,427)	(86,294)
Capital grants from DfE Group	9,535	15,241
Capital funding received from sponsors and others	10,000	-
<b>Net cash used in investing activities</b>	<b>(107,842)</b>	<b>(68,003)</b>

20. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	362,510	448,487

**Notes to the financial statements**  
**for the year ended 31 August 2021**

**21. Analysis of changes in net debt**

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	448,487	(85,977)	362,510
	<u>448,487</u>	<u>(85,977)</u>	<u>362,510</u>

**22. Pension commitments**

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £36,898 were payable to the schemes at 31 August 2021 (2020 - £33,935) and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Notes to the financial statements**  
**for the year ended 31 August 2021**

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**22. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £204,000 (2020 - £184,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £206,000 (2020 - £189,000), of which employer's contributions totalled £172,000 (2020 - £157,000) and employees' contributions totalled £ 34,000 (2020 - £32,000). The agreed contribution rates for future years are 22.2 per cent for employers and 5.5 - 12.5 per cent for employees.

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

**Principal actuarial assumptions**

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	<b>3.90</b>	3.30
Rate of increase for pensions in payment/inflation	<b>2.90</b>	2.30
Discount rate for scheme liabilities	<b>1.65</b>	1.60

**Notes to the financial statements**  
**for the year ended 31 August 2021**

**22. Pension commitments (continued)**

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

	<b>2021</b>	<b>2020</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
Males	<b>21.6</b>	21.9
Females	<b>24.0</b>	24.1
Retiring in 20 years		
Males	<b>23.4</b>	23.8
Females	<b>25.8</b>	26.0

**Sensitivity analysis**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Discount rate +0.1%	<b>(100)</b>	(85)
Discount rate -0.1%	<b>102</b>	87
Salary increase rate +0.1%	<b>12</b>	10
Salary increase rate -0.1%	<b>(12)</b>	(10)
Pension increase rate +0.1%	<b>89</b>	75
Pension increase rate -0.1%	<b>(87)</b>	(74)

**Share of scheme assets**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Equities	<b>1,406,000</b>	1,028,000
Gilts	<b>191,000</b>	199,000
Other bonds	<b>141,000</b>	71,000
Property	<b>162,000</b>	138,000
Cash	<b>85,000</b>	121,000
Other	<b>323,000</b>	273,000
<b>Total market value of assets</b>	<b>2,308,000</b>	1,830,000

The actual return on scheme assets was £336,000 (2020 - £158,000).

**Knowle Church of England Primary Academy**  
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**Notes to the financial statements**  
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**22. Pension commitments (continued)**

The amounts recognised in the Statement of financial activities are as follows:

	2021 £	2020 £
Current service cost	(299,000)	(225,000)
Net interest cost	(32,000)	(27,000)
Administrative expenses	-	(1,000)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(331,000)</b>	<b>(253,000)</b>

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

	2021 £	2020 £
<b>At 1 September</b>	<b>3,867,000</b>	<b>3,139,000</b>
Current service cost	299,000	225,000
Interest cost	62,000	58,000
Employee contributions	34,000	32,000
Benefits paid	(64,000)	(7,000)
Actuarial (gains)/ losses	378,000	420,000
<b>At 31 August</b>	<b>4,576,000</b>	<b>3,867,000</b>

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

	2021 £	2020 £
<b>At 1 September</b>	<b>1,830,000</b>	<b>1,559,000</b>
Return on plan assets (excluding net interest on the net defined pension liability)	306,000	127,000
Interest income	30,000	31,000
Employee contributions	34,000	32,000
Employer contributions	172,000	157,000
Benefits paid	(64,000)	(7,000)
Administration expenses	-	(1,000)
Actuarial losses	-	(68,000)
<b>At 31 August</b>	<b>2,308,000</b>	<b>1,830,000</b>



**Knowle Church of England Primary Academy**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
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**23. Operating lease commitments**

At 31 August 2021 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	4,212	4,212
Later than 1 year and not later than 5 years	-	4,212
	<u>4,212</u>	<u>8,424</u>

**24. 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.

**25. Related party transactions**

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

During the year, the trust made purchases of £1,665 (2020 - £86) from a company which a trustee has a directorship. At the balance sheet date £698 (2020 - £nil) was owed to the company.