



Knowle Church of England Primary Academy

Governors Report and Financial Statements

For the Year Ended 31 August 2016

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 of the Academy, its Governors and Advisers
For the Year Ended 31 August 2016

Members	Canon M Parker J Carver M Johnson (resigned 22 July 2016) L Mackay H S Morris
Governors (Trustees)	E Baker T Byrom (resigned 22 July 2016) J Carver S Covington J Godsall D N Hillier I W Hobbs (resigned 22 July 2016) A Jayne M Johnson (resigned 22 July 2016) L Mackay, Chair of Governors S Harris H S Morris R Tretheway (resigned 14 December 2015) Z Wallis J Wilson C Harris (appointed 5 September 2016) P J Sidwell (appointed 5 September 2016) P A Allen (appointed 5 September 2016)
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 of the Academy, its Governors and Advisers
For the Year Ended 31 August 2016

Advisers (continued)

Senior management team

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

Independent auditors

Dains LLP
Chartered Accountants
Statutory Auditors
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)

Governors' Report
For the Year Ended 31 August 2016

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

Structure, governance and management

a. Constitution

The Academy is a charitable company Limited by Guarantee and was incorporated by a Memorandum of Association on 8 March 2013. The Academy has exempt charity status and its principal regulator is the Department for Education (DfE).

On 1 April 2013 the School converted to an Academy.

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

Details of the Governors who served during the year 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 Articles 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.

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

d. Policies and procedures 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 Vice Chair of Governors. All Governors are subject to DBS checks.

e. Organisational structure

The Governing Body – Full Board

- Resources and Planning Committee
- Scrutiny and Standards Committee
- Pay Committee
- Curriculum and Collaborative Partnership Committee

f. Pay policy for 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.

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 2016 are summarised below;

Preparing Children for the Future

<p><u>Be Healthy</u></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><u>Embrace Christian Values</u></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><u>Stay Safe</u></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><u>Make a Positive Contribution</u></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><u>Enjoy and Achieve</u></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><u>Achieve Economic Well-being</u></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>

Learning for Life

b. Objectives, strategies and activities

The following key areas for development in 2015/16 were prioritised in the Academy Improvement Plan as follows:

Develop and implement a systematic approach to teaching spelling resulting in improved pupil achievement

- Purchasing of new teaching resources
- Training and support for all teachers in Year 2 – Year 6
- Monitoring implementation
- Evaluating impact and outcomes
- Report to Governing Body

Further develop reading provision to ensure a consistent approach to the teaching of key skills; to foster a culture of 'reading for pleasure' and to improve pupil achievement.

- Improved availability and consumption of a wide range of appropriate reading material for pupils in KS2
- Improved standards in reading by developing a consistent approach to the teaching of reading comprehension
- Improvements to the physical environment to encourage reading in comfort
- Training and support for all teachers in Year 1 – Year 6
- Provision of a Reading Progression document for all Key Stages
- Monitoring
- Evaluation of impact and outcomes
- Report to Governing Body

Continue to develop the new academy curriculum (as the context in which improvements in writing outcomes are achieved) – Phase 3

- Improved quality of teaching and learning in Science including summative assessment processes
- Improved quality of teaching and learning in Computing focusing on continuity and progression in key skills

Continue to develop and refine the approach to assessment (Phase 2)

- Further development of the academy's assessment strategy based on guidance from the DfE as it emerged
- Development of Standards Files for moderation of Writing in Years 3/4 and Years 2/6
- Evaluation of the first phase including the use of formative and summative assessment
- Review of Assessment and Record Keeping Policy
- Revision of provision mapping

Sustain and further develop our outstanding achievements in mathematics by involvement in the Maths Hub/Singapore methodology

Extended Services

To further develop and embed the ethos, systems and structures necessary to provide an outstanding, school run wraparound facility.

c. Review of activities

The achievements and performance of the Academy will be demonstrated in the following key areas:

Achievement at Key Stage 1

During the period ended 31 August 2016 the attainment of pupils in Key Stage 1 was significantly above the national average.

Key Stage 1 Results 2016

Reading

	Reading Attainment			
	At least expected standard in Reading			
	Expected Standard +		Greater Depth	
	Sch %	Nat %	Sch %	Nat %
All Pupils	83	74	49	24

All Pupils		Key Stage 1 Reading			
Progress from EYFS to KS1		Expected Standard +		Greater Depth	
		Sch %	Nat %	Sch %	Nat %
EYFS Reading	Emerging	40	36	0	2
	Expected	86	85	45	20
	Exceeding	100	99	84	65
	Total	83	74	49	24

Writing

	Writing Attainment			
	At least expected standard in Writing			
	Expected Standard +		Greater Depth	
	Sch %	Nat %	Sch %	Nat %
All Pupils	71	65	34	13

All Pupils		Key Stage 1 Writing			
Progress from EYFS to KS1		Expected Standard +		Greater Depth	
		Sch %	Nat %	Sch %	Nat %
EYFS Writing	Emerging	20	30	7	1
	Expected	81	82	22	13
	Exceeding	100	98	81	52
	Total	71	65	34	13

Review of activities (continued)

Maths

		Maths Attainment			
		At least expected standard in Maths			
		Expected Standard +		Greater Depth	
		Sch %	Nat %	Sch %	Nat %
All Pupils		80	73	39	18

All Pupils		Key Stage 1 Maths			
Progress from EYFS to KS1		Expected Standard +		Greater Depth	
		Sch %	Nat %	Sch %	Nat %
EYFS Maths	Emerging	27	36	9	2
	Expected	91	86	28	18
	Exceeding	100	99	87	59
	Total	80	73	39	18

Achievement at Key Stage 2

During the period ended 31 August 2016 the proportions of pupils in Key Stage 2 who reached the expected standard+ in all three areas was significantly above the national average.

Key Stage 2 Results

Reaching the Expected Standard in Reading, Writing and Maths

	Expected Standard+		High Standard	
	Sch %	Nat %	Sch %	Nat %
All pupils	77	53	16	5

Reading

ACADEMY IMPROVEMENT PLAN PRIORITY AREA

	Reading Progress		Reading Attainment					
	Sch Score	Nat Score	Scaled score 100+		High Scaled score		Average Score	
			Sch %	Nat %	Sch %	Nat %	Sch	Nat
All pupils	2.27	0.00	89	66	46	19	107.8	102.6

Review of activities (continued)

Maths

	Maths Progress		Maths Attainment					
	Sch	Nat	Scaled score 100+		High Scaled score		Average Score	
	Score	Score	Sch %	Nat %	Sch %	Nat %	Sch	Nat
All Pupils	0.98	0.00	85	70	36	17	106.5	103.0

Writing

	Writing Progress		Writing Attainment			
	Sch	Nat	Expected Standard+		Greater Depth	
	Score	Score	Sch %	Nat %	Sch %	Nat %
All Pupils	-0.36	0.00	85	74	21	15

Attendance

During the year ended 31 August 2016 the attendance of pupils at the academy was above the national average. In 2015 the attendance figure was 97.4% and there were no persistent absentees.

Extended Services

The academy achieved its aim to further develop and embed the ethos, systems and structures necessary to provide an outstanding, school run childcare and wraparound facility. This is now a thriving business providing a much-needed service for our families.

d. Public benefit

The Governors confirm that they have complied with the requirement in Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

Achievements and performance

a. Key financial performance indicators

The Governors aim to ensure that the Academy meets the following financial requirements:

- Operates within its means and remains solvent
- Achieves best value for all activities undertaken and contracted services
- Maintains appropriate reserves
- Maintains a balanced budget going forward, taking likely contingencies into account
- Seeks to maintain the numbers of children in the school

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

a. Review of financial performance

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants from the DfE during the period ended 31 August 2016 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 2016, total expenditure (excluding movements on the Fixed Asset Fund and movements on the pension reserve) of £1,999,890 was covered by recurrent grant funding from the DfE, together with other incoming resources of £1,974,018 and the use of £25,872 of the Academy's brought forward funds.

At 31 August 2016, the net book value of fixed assets was £6,160,532 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 continues to follow the recommendation of the Local Authority not to exceed a reserve of Restricted Funds in excess of 8% of its total budget.

The Academy's current level of unrestricted reserves is £52,768 (2015 - £93,654). The Governors plan to use these funds to further develop the premises to improve pupils' facilities (refurbishment of the Lower School boys' toilets) and to support the Academy's staffing structure. The Academy's current level of free reserves is £73,061 (2015 - £98,933).

c. 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. However, the freeze on the Government's overall education budget, and 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 20 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.

d. Principal risks and uncertainties

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

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

e. 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.

Plans for future periods

a. Future developments

The focus for school improvement in 2016/17 is to:

- Further improve the quality of intervention and support for vulnerable pupils (this includes Pupil Premium, EAL and SEND) to ensure that it more effectively focuses on identified need and results in the narrowing of the gap between them and their peers.
- Improve the provision for Collective Worship and Religious Education across the academy to ensure that the standard matches the SIAMS Grade Descriptors for 'Outstanding' by the end of the academic year.
- Increase the proportion of pupils in Year 6 that achieve the expected standard and/or are 'working at greater depth'/achieve a high score in the KS2 SATs mathematics test (increase based on the 2016 percentages).
- Match or improve the percentage of pupils who achieve a GLD in Reception recognising that the known prior attainment of pupils indicates a lower starting point than in the preceding year.

Disclosure of information to auditors

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's 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 re-appointing the auditors at a meeting of the Governors.

This report was approved by order of the Board of Governors as the company directors, on 5 December 2016 and signed on its behalf by:

L Mackay
Chair of Trustees

J Godsall
Head Teacher and Accounting Officer

Governance Statement

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.

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 Governors any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
E Baker	4	4
T Byrom (resigned 22 July 2016)	4	4
J Carver	3	4
S Covington	4	4
J Godsall	4	4
D N Hillier	4	4
I W Hobbs (resigned 22 July 2016)	3	4
A Jayne	3	4
M Johnson (resigned 22 July 2016)	4	4
L Mackay, Chair of Governors	4	4
S Harris	3	4
H S Morris	3	4
R Tretheway (resigned 14 December 2015)	1	2
Z Wallis	4	4
J Wilson	2	4

Governance reviews:

Towards the end of the academic year, when it was realised that the Governing Body would be losing two of its Governors who had a background in finance, the Board of Governors revisited their skills audit. As a consequence, the Governors sought to appoint replacements with similar experience/expertise. The Members have therefore made a suitable appointment and the election process for a new Parent Governor has included a request for someone with a business/financial background.

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Governance Statement (continued)

The Finance and General Purposes Committee 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:

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Johnson (resigned 22 July 2016)	3	3
J Carver	0	3
S Covington	1	3
J Godsall	3	3
S Harris	0	3
D N Hillier	2	3
I W Hobbs (resigned 22 July 2016)	2	3
A Jayne	2	3
R Tretheway (resigned 14 December 2015)	0	1
Z Wallis	3	3
L Mackay	3	3

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.

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Knowle Church of England Primary Academy for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the 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.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Dains LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The external reviewer has delivered their schedule of work as planned. No material control issues were noted from their reviews.

Governance Statement (continued)

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 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 Governors on 5 December 2016 and signed on their behalf, by:

L Mackay
Chair of Trustees

J Godsall
Accounting Officer

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Statement on Regularity, Propriety and Compliance

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

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

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

J Godsall
Accounting Officer

Date: 5 December 2016

Knowle Church of England Primary Academy
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Statement of Governors' Responsibilities
For the Year Ended 31 August 2016

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

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

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

The 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Governors on 5 December 2016 and signed on its behalf by:

L Mackay
Chair of Trustees

Independent Auditors' Report on the Financial Statements to the Members of Knowle Church of England Primary Academy

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

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

Respective responsibilities of Governors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Andrew Morris FCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Chartered Accountants
Statutory Auditors

Birmingham
5 December 2016

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

Independent Reporting Accountants' Assurance Report on Regularity to Knowle Church of England Primary Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 7 November 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Knowle Church of England Primary Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Knowle Church of England Primary Academy and the EFA 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 the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Knowle Church of England Primary Academy and the EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Conclusion

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

Dains LLP

Chartered Accountants
Statutory Auditors

Birmingham

5 December 2016

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 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:						
Donations and capital grants	2	35,238	10,000	82,130	127,368	54,415
Charitable activities:	3					
Funding for the Academy's educational operations		238,824	1,674,574	-	1,913,398	1,873,177
Other charitable activities		(5,968)	5,968	-	-	-
Other trading activities	4	15,278	-	-	15,278	7,897
Investments	5	104	-	-	104	171
Total income		283,476	1,690,542	82,130	2,056,148	1,935,660
Expenditure on:						
Raising funds	7	204,173	-	-	204,173	179,559
Charitable activities	8	40,978	1,779,739	171,794	1,992,511	1,996,138
Total expenditure	6	245,151	1,779,739	171,794	2,196,684	2,175,697
Net income / (expenditure) before transfers		38,325	(89,197)	(89,664)	(140,536)	(240,037)
Transfers between Funds	16	(79,211)	79,211	-	-	-
Net expenditure before other recognised gains and losses		(40,886)	(9,986)	(89,664)	(140,536)	(240,037)
Actuarial losses on defined benefit pension schemes	13	-	(520,000)	-	(520,000)	(63,000)
Net movement in funds		(40,886)	(529,986)	(89,664)	(660,536)	(303,037)
Reconciliation of funds:						
Total funds brought forward		93,654	(851,721)	6,283,781	5,525,714	5,828,751
Total funds carried forward		52,768	(1,381,707)	6,194,117	4,865,178	5,525,714

The notes on pages 26 to 46 form part of these financial statements.

Knowle Church of England Primary Academy**(A company limited by guarantee)****Registered number: 08437300****Balance Sheet****As at 31 August 2016**

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		6,160,532		6,244,819
Current assets					
Debtors	14	373,263		273,822	
Cash at bank and in hand		86,030		57,419	
			459,293	331,241	
Creditors: amounts falling due within one year	15	(352,647)		(193,346)	
Net current assets			106,646		137,895
Total assets less current liabilities			6,267,178		6,382,714
Defined benefit pension scheme liability	20		(1,402,000)		(857,000)
Net assets including pension scheme liabilities			4,865,178		5,525,714
Funds of the academy					
Restricted income funds:					
Restricted income funds	16	20,293		5,279	
Restricted pension reserve	16	(1,402,000)		(857,000)	
Restricted fixed asset funds	16	6,194,117		6,283,781	
Total restricted income funds			4,812,410		5,432,060
Unrestricted income funds	16		52,768		93,654
Total funds			4,865,178		5,525,714

The financial statements were approved by the Governors, and authorised for issue, on 5 December 2016 and are signed on their behalf, by:

L Mackay
Chair of Trustees

The notes on pages 26 to 46 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 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	<u>33,884</u>	<u>(69,559)</u>
Cash flows from investing activities:			
Interest received/(paid)		104	(6)
Purchase of tangible fixed assets		(87,507)	(19,983)
Capital grants from DfE/EFA and other capital income		<u>82,130</u>	<u>33,579</u>
Net cash (used in)/provided by investing activities		<u>(5,273)</u>	<u>13,590</u>
Change in cash and cash equivalents in the year		28,611	(55,969)
Cash and cash equivalents brought forward		<u>48,541</u>	<u>104,510</u>
Cash and cash equivalents carried forward	19	<u><u>77,152</u></u>	<u><u>48,541</u></u>

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

Knowle Church of England Primary Academy constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

1.2 Going concern

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

1.3 Fund accounting

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

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

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

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

1. Accounting Policies (continued)

1.4 Income

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

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

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

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

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

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

1.5 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.

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

Charitable activities costs are costs incurred on the Academy'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. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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

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

Long Term Leasehold Property	-	2% straight line
Long Term Leasehold Land	-	Over period of lease
Fixtures and fittings	-	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 incorporating income and expenditure account.

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 Bank.

1.8 Operating leases

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

1.9 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. Accounting Policies (continued)

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.13 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1. Accounting Policies (continued)

1.14 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. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.15 Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible 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.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Trips income	32,614	-	-	32,614	19,155
Capital Grants	-	-	82,130	82,130	9,040
Other Donations	2,624	10,000	-	12,624	26,220
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	35,238	10,000	82,130	127,368	54,415
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £19,236 was to unrestricted funds and £35,179 was to restricted funds

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

Notes to the Financial Statements
For the Year Ended 31 August 2016

3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	1,382,558	1,382,558	1,392,459
Pupil Premium	-	43,699	43,699	37,710
Rates funding	-	4,511	4,511	-
PE Sports Grant	-	9,780	9,780	9,795
Universal Infant Free School Meals Grant	-	70,794	70,794	71,013
	-	1,511,342	1,511,342	1,510,977
Other government grants				
Nursery funding	-	89,053	89,053	86,411
Child and Family Mentor funding	-	8,025	8,025	-
	-	97,078	97,078	86,411
Other funding				
Absence and maternity insurance claims	-	5,968	5,968	10,531
Outreach and training income	-	11,785	11,785	4,695
Catering income	3,425	54,369	57,794	48,798
Department sales income	3,128	-	3,128	4,043
Extended services income	224,886	-	224,886	206,609
Swimming fees	1,418	-	1,418	1,113
	232,857	72,122	304,979	275,789
	232,857	1,680,542	1,913,399	1,873,177

In 2015, of the total income from charitable activities, £222,296 was to unrestricted funds and £1,650,881 was to restricted funds.

4. Activities for raising funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	13,746	-	13,746	6,012
Photo commission	1,532	-	1,532	1,885
	15,278	-	15,278	7,897

In 2015, of the total income from other trading activities, £7,897 was to unrestricted funds and £ NIL was to restricted funds.

Notes to the Financial Statements
For the Year Ended 31 August 2016

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	104	-	104	171

In 2015, of the total investment income, £ 171 was to unrestricted funds and £ NIL was to restricted funds.

6. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	185,162	-	19,011	204,173	179,559
Activities:					
Direct costs	1,131,252	146,575	224,705	1,502,532	1,517,174
Support costs	224,587	106,610	158,782	489,979	478,964
	1,541,001	253,185	402,498	2,196,684	2,175,697

In 2016, of the total expenditure, £245,151 (2015 - £210,268) was to unrestricted funds and £1,951,533 (2015 - £1,955,429) was to restricted funds.

7. Costs of raising funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Extended services costs	204,173	-	204,173	179,559
	204,173	-	204,173	179,559

In 2015, of the total costs of raising funds, £179,559 was to unrestricted funds and £ NIL was to restricted funds.

Notes to the Financial Statements
For the Year Ended 31 August 2016

8. Charitable activities

	Total funds 2016 £	Total funds 2015 £
Direct costs		
Wages and salaries	916,062	891,323
National insurance	66,145	55,716
Pension cost	139,687	159,149
Depreciation	146,575	143,960
LGPS finance costs	31,000	29,000
Educational supplies	32,690	33,869
Technology costs	9,273	20,964
Educational consultancy	26,222	30,068
Other direct costs	9,358	1,823
Supply teacher insurance	15,371	36,770
Catering costs	110,149	114,532
	1,502,532	1,517,174
	Total funds 2016 £	Total funds 2015 £
Support costs		
Wages and salaries	149,837	157,368
National insurance	8,216	6,696
Pension cost	66,534	24,436
Depreciation	25,219	24,312
Staff development	12,181	14,035
Technology costs	21,194	39,292
Other support costs	54,346	48,754
Recruitment and support	1,364	1,403
Maintenance of premises	30,637	40,083
Maintenance of equipment	7,470	4,709
Cleaning	9,256	9,199
Photocopying	18,233	16,228
Rates	4,528	4,461
Water rates	6,460	11,396
Energy	21,657	2,272
Insurance	15,523	16,200
Other occupancy costs	30,854	40,314
Governance costs	6,470	17,806
	489,979	478,964
	1,992,511	1,996,138

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

Notes to the Financial Statements
For the Year Ended 31 August 2016

9. Net incoming resources/(resources expended)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	171,794	168,272
Auditors' remuneration	4,600	4,500
Operating lease rentals:		
- other operating leases	6,783	2,362
	<u> </u>	<u> </u>

10. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	1,224,975	1,194,225
Social security costs	79,442	66,239
Operating costs of defined benefit pension schemes	227,226	202,591
	<u>1,531,643</u>	<u>1,463,055</u>
Supply teacher costs	9,358	1,821
	<u>1,541,001</u>	<u>1,464,876</u>

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

	2016	2015
	No.	No.
Teachers	20	20
Administration of and support	31	36
Management	5	5
Extended services	17	13
	<u>73</u>	<u>74</u>

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

	2016	2015
	No.	No.
In the band £70,001 - £80,000	1	1

The key management personnel of the academy trust comprise key Governors and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £251,099 (2015 - £260,211).

Notes to the Financial Statements
For the Year Ended 31 August 2016

11. Governors' remuneration and expenses

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

The value of Governors' remuneration was as follows:

		2016	2015
		£	£
J Godsall	Remuneration	75,000-80,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
T Byrom (resigned 22 July 2016)	Remuneration	25,000-30,000	25,000-30,000
	Pension contributions paid	0-5,000	0-5,000
E Baker	Remuneration	20,000-25,000	20,000-25,000
	Pension contributions paid	0-5,000	0-5,000

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

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

12. Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was included in the total cost of insurance £15,523 (2015 - £12,790).

Notes to the Financial Statements
For the Year Ended 31 August 2016

13. Tangible fixed assets

	Long Term Leasehold Land and Buildings £	Fixtures and fittings £	Computer equipment £	Catering equipment £	Total £
Cost					
At 1 September 2015	6,098,783	357,762	77,775	74,700	6,609,020
Additions	73,026	6,640	7,841	-	87,507
At 31 August 2016	6,171,809	364,402	85,616	74,700	6,696,527
Depreciation					
At 1 September 2015	259,742	52,074	34,332	18,053	364,201
Charge for the year	107,763	35,805	20,756	7,470	171,794
At 31 August 2016	367,505	87,879	55,088	25,523	535,995
Net book value					
At 31 August 2016	5,804,304	276,523	30,528	49,177	6,160,532
At 31 August 2015	5,839,041	305,688	43,443	56,647	6,244,819

14. Debtors

	2016 £	2015 £
VAT debtor	322,660	236,322
Other debtors	-	320
Prepayments and accrued income	50,603	37,180
	373,263	273,822

Notes to the Financial Statements
For the Year Ended 31 August 2016

15. Creditors: Amounts falling due within one year

	2016	2015
	£	£
EFA creditor: abatement of capital deficit	8,878	8,878
Trade creditors	190,797	75,514
Other taxation and social security	24,860	18,497
Other creditors	25,701	22,176
Accruals and deferred income	102,411	68,281
	<u>352,647</u>	<u>193,346</u>
	<u>352,647</u>	<u>193,346</u>
	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	56,702	43,386
Resources deferred during the year	87,835	56,702
Amounts released from previous years	(56,702)	(43,386)
	<u>87,835</u>	<u>56,702</u>
	<u>87,835</u>	<u>56,702</u>

Included within deferred income are monies received in advance from the EFA for free school meals and capital funding. Also included within deferred income relates to unspent capital funding and income received in advance of before and after school clubs.

Notes to the Financial Statements
For the Year Ended 31 August 2016

16. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General funds	93,654	283,476	(245,151)	(79,211)	-	52,768
Restricted funds						
General Annual Grant (GAG)	-	1,382,558	(1,461,769)	79,211	-	-
Other DfE/EFA and government grants	-	225,862	(155,068)	(70,794)	-	-
Other restricted income	-	27,753	(27,753)	-	-	-
Catering	5,279	54,369	(110,149)	70,794	-	20,293
Pension reserve	(857,000)	-	(25,000)	-	(520,000)	(1,402,000)
	(851,721)	1,690,542	(1,779,739)	79,211	(520,000)	(1,381,707)
Restricted fixed asset funds						
Assets inherited on conversion	5,890,578	-	(122,949)	-	-	5,767,629
Devolve capital grant	17,036	9,104	(4,259)	-	-	21,881
Donations for capital assets	46,795	-	(11,925)	-	-	34,870
Capital maintenance fund	329,372	-	(32,377)	-	-	296,995
Local authority capital funding	-	73,026	(284)	-	-	72,742
	6,283,781	82,130	(171,794)	-	-	6,194,117
Total restricted funds	5,432,060	1,772,672	(1,951,533)	79,211	(520,000)	4,812,410
Total of funds	5,525,714	2,056,148	(2,196,684)	-	(520,000)	4,865,178

Notes to the Financial Statements
For the Year Ended 31 August 2016

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.

Surpluses made on catering are ring-fenced for kitchen equipment maintenance, which the Academy is now responsible for.

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, EFA and the Parents' Association to carry out works of a capital nature.

Transfers between funds

Transfers between funds include a transfer from unrestricted to fund the deficit generated on the GAG in the year. Transfers also include the transfer of Universal Free School Meals in to catering income.

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

17. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	6,160,532	6,160,532	6,244,819
Current assets	77,386	317,523	64,384	459,293	331,241
Creditors due within one year	(24,618)	(297,230)	(30,799)	(352,647)	(193,346)
Provisions for liabilities and charges	-	(1,402,000)	-	(1,402,000)	(857,000)
	52,768	(1,381,707)	6,194,117	4,865,178	5,525,714

Notes to the Financial Statements
For the Year Ended 31 August 2016

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(140,536)	(240,037)
Adjustment for:		
Depreciation charges	171,794	168,272
Interest (receivable)/payable	(104)	6
Increase in debtors	(99,441)	(94,045)
Increase in creditors	159,301	67,824
Capital grants from DfE/EFA and other capital income	(82,130)	(33,579)
Defined benefit pension scheme adjustments	25,000	62,000
Net cash provided by/(used in) operating activities	33,884	(69,559)

19. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	86,030	57,419
EFA creditor: abatement of capital deficit	(8,878)	(8,878)
Total	77,152	48,541

20. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £22,773 were payable to the schemes at 31 August 2016 (2015 - 21,086) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £112,000 (2015 - £90,000).

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

Notes to the Financial Statements
For the Year Ended 31 August 2016

20. Pension commitments (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £152,000 (2015 - £107,000), of which employer's contributions totalled £125,000 (2015 - £79,000) and employees' contributions totalled £27,000 (2015 - £28,000). The agreed contribution rates for future years are 18.4% for employers and 5.5% - 9.9% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.75 %	4.15 %
Rate of increase for pensions in payment / inflation	2.00 %	2.40 %

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

	2016	2015
Retiring today		
Males	23.1 years	23.0 years
Females	25.8 years	25.6 years
Retiring in 20 years		
Males	25.3 years	25.2 years
Females	28.1 years	28.0 years

Notes to the Financial Statements
For the Year Ended 31 August 2016

20. Pension commitments (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	534,000	369,000
Bonds	139,000	108,000
Property	72,000	53,000
Cash/liquidity	58,000	31,000
Other	97,000	57,000
	<hr/>	<hr/>
Total market value of assets	900,000	618,000
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The actual return on scheme assets was £133,000 (2015 - £24,000).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(119,000)	(112,000)
Net interest cost	(31,000)	(29,000)
	<hr/>	<hr/>
Total	(150,000)	(141,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £	2015 £
Opening defined benefit obligation	1,475,000	1,216,000
Current service cost	119,000	112,000
Interest cost	59,000	51,000
Contributions by employees	27,000	28,000
Benefits paid net of transfers in	(3,000)	3,000
Actuarial losses	625,000	65,000
	<hr/>	<hr/>
Closing defined benefit obligation	2,302,000	1,475,000
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Notes to the Financial Statements
For the Year Ended 31 August 2016

20. Pension commitments (continued)

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

	2016	2015
	£	£
Opening fair value of scheme assets	618,000	484,000
Return on plan assets (excluding net interest on the net defined pension liability)	105,000	2,000
Interest income	28,000	22,000
Contributions by employer	125,000	79,000
Contributions by employees	27,000	28,000
Benefits paid net of transfers in	(3,000)	3,000
	<hr/>	<hr/>
Closing fair value of scheme assets	900,000	618,000
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21. Operating lease commitments

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

	2016	2015
	£	£
Amounts payable:		
Within 1 year	4,572	6,783
Between 1 and 5 years	1,770	6,342
	<hr/>	<hr/>
Total	6,342	13,125
	<hr/> <hr/>	<hr/> <hr/>

22. 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.

23. Related party transactions

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

24. First time adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.