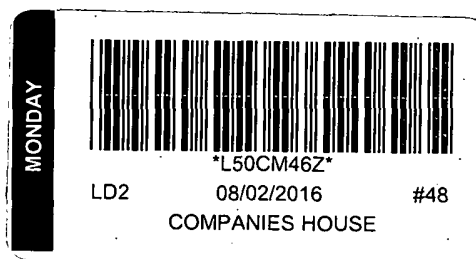


THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015



THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members	John Atkins CBE Raymond Vooght Quentin Roper Daniel Barber (appointed 29 January 2015) Paul Kennard (appointed 29 January 2015) Christian Cavanagh (resigned 29 January 2015) Christian Markham (resigned 29 January 2015) Diane Khanna (resigned 29 January 2015)
Trustees	John Atkins CBE, Chairman Karen Roberts, Chief Executive Officer Aruna Mehta Lesley Robins Quentin Roper Peter Wanless (resigned 7 October 2014) Daniel Barber (resigned 7 October 2014) John Kelly OBE (appointed 7 October 2014, resigned 28 July 2015) Ian Armitage (appointed 4 November 2014)
Company registered number	07348231
Principal and registered office	Atkins Conference Centre Kemnal Technology College Sevenoaks Way Sidcup Kent DA14 5AA
Company Secretary	Paul Allen (resigned 1 April 2015) Paul Atkinson (appointed 1 April 2015, resigned 21 September 2015)
Chief Executive Officer	Karen Roberts
Senior Leadership Team	Elizabeth Harrison, Deputy Chief Executive Officer Mark Burnett, Group Director of Operations Rachel Tizard, Group Director of Learning Paul Atkinson, Finance Director
Auditors	Moore Stephens LLP 150 Aldersgate Street London EC1 4AB
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Solicitors	Winckworth Sherwood 5 Montague Close London SE1 9BB
Website	www.tkat.org

THE KEMNAL ACADEMIES TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees present their annual report which includes the strategic report together with the financial statements and auditor's report of The Kemnal Academies Trust (TKAT, the Company) for the year ended 31 August 2015. This annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The Trustees confirm that the annual report and financial statements of the Company comply with the current statutory requirements, the requirements of the Company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

Constitution

The Kemnal Academies Trust is a company limited by guarantee (registration number 07348231) and an exempt charity. The Company's memorandum and articles of association dated 19 July 2012 are the primary governing document. The Trustees of The Kemnal Academies Trust Limited (TKAT) are also the directors of the charitable company for the purposes of company law.

Funding for educational activities is governed by a master funding agreement between the Company and the Secretary of State for Education.

Principal Activities

The principal object of the Company is the advancement for the public benefit of education in the United Kingdom through the operation of a group of academies. The Company's accounts for 2015 include the operation of 41 academies (2014:39 academies).

The following Schools transferred prior to the 1st September 2014:

Bewbush Academy	Newlands Primary School
Bridgemary School	Northdown Primary School
Broadfield East Infants School and Nursery	Orchards Academy
Broadfield East Junior School	Ore Village Primary Academy
Chichester High School for Boys	Pebsham Primary Academ
Chichester High School for Girls	Pluckley Church of England School
Cleeve Park School	Portfield Primary Academy
Dame Janet Primary Academy	Rainham School for Girls
Debden Park High School	Salmestone Primary School
Drapers Mills Primary Academy	Seal Primary Academy
East Wickham Primary Academy	Seymour Primary School
Front Lawn Primary Academy	Smarden Primary School
Gray's Farm Primary Academy	Tangmere Primary Academy
Havant Academy	The Academy, Selsey
Heybridge Primary Academy	The Mill Primary Academy
Hilltop Primary School	The Oaks Primary Academy
Horizon Primary Academy	Thomas Bennett Community College
Hylands School	Welling Academy
Kemnal Technology College	Weyfield Primary Academy
King Harold School	

The following schools transferred during the accounting period:

Napier Community Primary and Nursery Academy	1st September 2014
Miltoncross School	1st November 2014

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

All the assets and liabilities of each predecessor school are transferred to the Company upon conversion.

Members

The current members of the Company are as follows:

a) The signatories to the memorandum:

John Atkins

Christian Markham (resigned 29th January 2015)

b) One person appointed by the Secretary of State for Education, if applicable:

No appointment made

c) The Chairman of the Board of Trustees:

John Atkins (also signatory to the memorandum)

d) Diocesan Member:

The Diocese of Canterbury Academy Company Limited represented by Quentin Roper

e) Additional members appointed by unanimous agreement of the above:

Daniel Barber (appointed 29th January 2015)

Paul Kennard (appointed 29th January 2015)

Christian Cavanagh (resigned 29th January 2015)

Diane Khanna (resigned 29th January 2015)

Raymond Vooght

Members' Liability

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

Trustees', Directors' and Governors' Indemnities

The Company's insurers indemnify against any claims in respect of any civil liability which arises out of the conduct of the insured in their personal capacity as a Director, Governor, Trustee or Officer of the Company.

Method of Recruitment and Appointment or Election of Trustees

The articles of association require the appointment of at least three trustees to the Company. There is no maximum number of trustees. Members may appoint any number of trustees, one trustee can be appointed by the Diocesan Member, at least one must be elected as an academy trustee, at least one shall be a parent trustee and the Chief Executive Officer will be a trustee. The Secretary of State has the power to appoint additional trustees. The trustees are also the directors of the charitable company for the purposes of company law. The trustees delegate a number of functions to the local governing body of each academy.

Trustees' Term of Office

The term of office for any trustee other than the Chief Executive Officer, is four years. Any trustee may be reappointed.

New trustees are appointed to the Board following a rigorous selection process undertaken by current trustees and members.

THE KEMNAL ACADEMIES TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Procedures Adopted for the Induction and Training of Trustees

Training and induction is tailored to new trustees appropriate to their requirements and previous experience. The trustees have access to policies, procedures, minutes, budgets, accounts and other relevant plans and documents that they need to fulfil their role as trustees.

Organisational Structure

The trustees have delegated the day to day management of the Company to the Chief Executive supported by a Senior Leadership Team and 2 Senior Directors of Education a combined team comprising of 7 senior managers. Those managers meet on a regular basis to monitor the educational performance of pupils and the financial and operational performance of the Company. The Chief Executive Officer is the Accounting Officer for the Company. Local accountability is delegated to each academy Headteacher and each is supported by a local governing body established as a sub-committee of the Board.

Risk Management

The trustees have assessed the major risks to which the Company is exposed, in particular those related to the charitable operations, principal activities and also finances of the Company, and are satisfied that systems and procedures are in place to mitigate its exposure to the major risks. The Board has established an Audit & Risk Committee to champion the identification and management of the significant risks faced by the organisation. It meets four times per year. The terms of reference from the Board provide appropriate delegated powers to the Audit & Risk Committee to fulfil this responsibility. Matters of significance at individual academies are escalated through appropriate procedures to this Committee.

Objectives and Activities

The Kemnal Academies Trust (TKAT) operates a network of academies providing high quality publicly funded education for the benefit of students in their respective communities. The trustees understand their responsibilities to deliver this public benefit. Students are at the heart of TKAT. They have the right to an outstanding education in order to give them the best chances in life. The foundation of the TKAT model is based on mutual support within the academies to ensure that the very best standards of teaching and learning are developed and that academies are equipped to enable all staff and students to make outstanding progress.

Our aim is that every student at the end of Key Stage 5 will have achieved the required qualifications to move on to higher education or pursue the career of their choice.

STRATEGIC REPORT

Academic Performance

11 of the 15 secondary academies achieved the same or better performance in the percentage of students achieving 5 A* - C grades including English and Maths when measured against the prior year and 10 of the 15 improved results when compared to the data immediately prior to conversion to an academy. Disappointingly one academy did not achieve the floor target for 2015 and this has been identified for intensive support in the current year. 12 of our 15 secondary academies have maintained or improved their Ofsted grade since conversion and 60% are rated good or outstanding.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Secondary Academy	Ofsted Grade Aug 15	2015 - 5A* C inc Maths and English	2014 - 5A* C inc Maths and English	5A* C inc Maths and English immediately prior to conversion	Ofsted grade immediately prior to conversion	Date of conversion
Bridgemary	4	32%	36%	40%	3	Sep-12
Chichester High School for Boys	3	66%	49%	66%	3	Sep-13
Chichester High School for Girls	1	73%	62%	74%	3	Sep-13
Cleeve Park School	2	48%	52%	41%	3	Sep-12
Havant Academy	2	66%	74%	63%	4	Apr-11
Hylands Academy	2	48%	46%	22%	4	Apr-12
Kemnal Technology College	2	51%	49%	37%	3	Aug-11
King Harold Academy	2	56%	53%	57%	1	Sep-10
Miltoncross Academy	3	43%	39%	32%	3	Nov-10
Orchards Academy	3	42%	45%	45%	3	Nov-14
Rainham School for Girls	2	48%	55%	37%	3	Nov-10
Selsley Academy	2	60%	60%	46%	3	Feb-11
The Academy, Selsey	3	46%	42%	39%	2	Sep-11
Thomas Bennett	3	40%	31%	50%	3	Sep-12
Welling Academy	2	53%	52%	51%	3	May-11

The primary school sector has made significant progress during the year and since conversion. Of those Academies where we are able to measure level 4+, in reading, writing and maths combined performance, we have seen 12 out of 25 improve year on year and 22 of the 25 performed better this year than the year immediately before conversion to TKAT. It is immensely rewarding to see the ongoing improvement in academic performance.

Disappointingly for three academies we have seen a decline in their Ofsted grade since conversion to academy status. We are working intensively with each respective Headteacher to deliver an improvement in the current year.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Primary Academy	2015 - Level 4+ combined	2014 - Level 4+ combined	Level 4+ combined immediately prior to conversion	Latest Ofsted Grade at Aug 15	Ofsted grade immediately prior to conversion	Date of conversion
Bewbush Academy	51%	63%	34%	2	3	Apr-12
Broadfield East Infants	N/A	N/A	N/A	3	2	Sep-12
Broadfield East Juniors	86%	69%	35%	3	3	Sep-12
Dame Janet Primary	63%	72%	60%	3	4/3	Dec-12
Drapers Mills Primary	50%	17%	61%	4	3	Dec-12
East Wickham Primary Academy	80%	67%	72%	3	4	Apr-13
Front Lawn Primary Academy	78%	68%	48%	2	4/2	Apr-13
Grays Farm	67%	61%	56%	4	4	Sep-13
Heybridge Primary	88%	53%	39%	3	3	Dec-12
Hilltop Primary	82%	71%	66%	2	3	Sep-12
Horizon Primary Academy	82%	43%	53%	2	3	Sep-11
Napier Community Primary Academy	65%	71%	61%	3	3	Sep-14
Newlands	76%	82%	64%	3	3	Sep-12
Northdown Primary	79%	82%	63%	2	3	Sep-12
Ore Village	62%	80%	62%	3	3	Sep-13
Pebsham	92%	68%	60%	4	4	Jan-14
Pluckley	100%	88%	71%	2	2	Apr-12
Portfield	73%	78%	50%	3	3	Sep-12
Salmestone	63%	71%	61%	3	3	Sep-12
Seal Academy	76%	72%	62%	2	3	Apr-12
Seymour	82%	71%	64%	2	2	Sep-12
Smarden Academy	93%	67%	67%	2	3	Oct-11
Tangmere Academy	78%	33%	53%	3	3	Apr-12
The Mill	69%	56%	48%	3	4	Sep-13
The Oaks	80%	64%	89%	2	2	Sep-12
Weyfield Primary	57%	41%	40%	4	2	Feb-13

Financial Performance

In addition to the academic performance above, trustees receive reports containing financial data and key financial performance indicators for each of the academies. These include pupil teacher ratios, staff cost percentages, significant cash and reserve balances plus the cost of operating the Central Support Service of the Trust. The Board reviews the level of Central Support Services charged to each academy and monitors academy reserves to ensure that for each academy they are neither excessive or in deficit.

As disclosed in more detail in note 20 of the accounts, at the end of August 2015, 3 academies were in modest deficit and are being supported and monitored carefully by the Trust.

An increase in Central Cost Contributions was implemented in September 2014; however this has not yet completely reduced the centre deficit position as originally expected. We now anticipate this to be eliminated over the next two academic years. In the intervening period, cash resources have temporarily been provided to

THE KEMNAL ACADEMIES TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason it continues to adopt the going concern basis to prepare these accounts.

Financial Review

The Company's principal income comes from the Education Funding Agency in the form of recurring grants for particular purposes. These grants and the relevant associated expenditure are shown under restricted funds in the Statement of Financial Activities. The master funding agreement between the Trust and the Department for Education requires grant income to be expended for its appropriate purpose – capital or revenue. General Annual Grant (GAG) is the principal revenue grant and is to be used to meet all the routine teaching, administration and maintenance costs incurred by the academy for pupils of school age in that setting. Additional funding for nursery provision where appropriate is provided by the local authority and through separate charging.

The Company may also receive a grant of fixed assets in the form of land and buildings, largely from a Local Authority, when an academy converts to the trust. Additionally Condition Improvement grants are made by the Department for Education for the maintenance and improvement of fixed assets.

New assets brought into use in the Company for the first time, and identifiable improvements to existing fixed assets, are capitalised at fair value or cost with an equivalent sum transferred to the restricted fixed asset fund. Fixed assets, other than freehold land, are depreciated over their expected useful lives and this charge is applied against the restricted fixed asset fund.

Salary payments to teachers and support staff comprise the largest recurring expense of the academies and central support function. The Company makes contributions to the teachers' pension scheme (TPS) on behalf of teaching staff in the academies. The TPS is a contributory scheme to which teachers are automatically enrolled but is not compulsory. It is a national scheme managed by the Department for Education. Assets and liabilities are not assigned to individual employers.

For staff members other than teachers the Company makes contributions to the respective Local Government Pension Scheme (LGPS). In the LGPS the assets and liabilities held within the scheme are subject to an actuarial valuation on a triennial basis and are attributable to individual employers. The Company balance sheet contains the net pension scheme deficit in respect of current employees.

The existence of a deficit does not mean an immediate liability will become payable. The purpose of the actuarial valuations is to determine a contribution rate for the employer that over the long term will match liabilities and assets. The most recent actuarial valuation of LGPS schemes took place with an effective date of 31 March 2013 with the reports being published during 2014.

The LGPS has been the subject of a number of amendments. The most recent change took effect on 1st April 2014 and since that date members have been accruing benefits under the terms of the LGPS 2014 scheme.

Plans for the future periods

This year has been a year of incredible educational achievement for the Trust. However, a strategic decision was taken by the Board not to 'actively' pursue the notion of growth during this academic year so that we could concentrate our efforts, skills and resources on securing educational standards across the Academies that currently exist within the TKAT family.

We have however been approached by a Local Authority controlled school with a keen interest and desire to join TKAT to not only improve the support and resources available to their staff and children but to also further support the other TKAT schools within their respective region. As a Trust, we are considering their proposal and pending that outcome, may encourage the school to submit an application to the Department for Education.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

To further secure educational standards in two of our other schools, plans are underway to merge Chichester High School for Boys and Chichester High School for girls into a single, secondary phased, coeducational Academy. Similarly, we are in the process of planning a merger of two adjoining primaries in Crawley, Broadfield East Infants and Broadfield East Juniors into a single Primary Academy. Both of these actions will develop the schools ability to offer outstanding teaching and learning but also create natural economies of scale.

The development of our Teaching School and staff development programmes remain a key strategic priority for the Trust and we will continue to commit time, resource and effort in ensuring all of our schools are able to benefit from these development programmes.

Our key strategic objectives this year are ultimately to continue to drive standards, progress and attainment across all schools within the TKAT family and ensure the best possible life chances are provided to all children within our education system

The principal risks and uncertainties faced by the Company have been identified as:

Government funding – the Company places considerable reliance on the continued government funding at levels that take account of pay and pension funding increases in the public sector and general inflation. Recent government announcements have indicated that funding per pupil will be unchanged in the short to medium term. This increases the risk of mounting and unsustainable deficits. Careful budget planning will inevitably recommend fewer staff are employed at academies. This will be necessary to balance the budgets when additional income is not forthcoming.

Safeguarding and child protection – the Company operates child protection, health and safety and disciplinary policies to deliver a safe and secure environment where children can be inspired to learn and thrive.

Governance and challenge – the academic progress and attainment of children may not meet the expectations of parents and the regulator. This is mitigated by the active involvement of Local Governing Bodies supported by intensive monitoring from the Educational Executive.

Internal control – the systems of internal control are designed to safeguard the Company's assets and ensure proper accounting records are maintained. Effective policies and procedures together with internal audit and management oversight minimise the potential of loss or misstatement.

Liquidity – the Company may not undertake borrowing without approval of the Secretary of State and so manages its cash resources to meet the needs of the academies investing surplus funds in readily accessible short term deposits with our principal bankers.

Investment Policy

Surplus cash balances at academy level are maintained in 90 day notice accounts and daily current accounts are swept to a money market overnight interest bearing account. Speculative investments are not made.

Reserves Policy

No formal reserves policy has been set by the Board. The level of reserves is kept under review by both the Board and the Education Funding Agency. The Board is conscious that it does not have the ability to borrow other than with the authority of the Secretary of State and holds sufficient unrestricted and restricted funds to meet unforeseen one off expenditure demands.

Public Benefit

The trustees acknowledge the duty in Section 4 of the Charities Act 2011 to have regard to the general and specific guidance on public benefit issued by the Charities Commission. We have referred to this guidance when reviewing our aims, strategy and plans for the future. All activities undertaken by the Company are for the public benefit.

Employee Involvement

Where appropriate the Company consults on matters such as policy, pay, health, safety and welfare with the relevant support staff and teaching trade unions. The Company provides information to employees generally by way of email, memoranda and the intranet. Central conferences and workshops are provided to Governors, Headteachers and School Business Managers.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

At each of the academies, information is channelled via the senior leadership team meetings. Employees are encouraged to familiarise themselves with Ofsted reports, available from the academy website and student progress and attainment statistics when they are made available.

Equal Opportunities Policy

It is the Company's policy to ensure equality of opportunities is afforded to staff, students and other stakeholders. Training, career development and promotion opportunities are available to all employees.

Disabled Persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities. In the event of employees becoming disabled then every effort is made to retrain them in order that their employment within the Company may continue.

Auditors

Insofar as the trustees are aware:

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

The auditor, Moore Stephens LLP is willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.


.....
John Atkins CBE
Chairman

THE KEMNAL ACADEMIES TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 The Kemnal Academies Trust and the Secretary of State for Education. The Chief Executive is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
John Atkins CBE, Chairman	6	6
Karen Roberts, Chief Executive Officer	6	6
Quentin Roper	2	6
Daniel Barber	1	1
Aruna Mehta	6	6
John Kelly	3	4
Ian Armitage	5	5
Peter Wanless	0	1
Lesley Robins	6	6

Details of appointments and resignations of the Trustees are included in the Reference and Administration Details on page 1.

Governance reviews:

Governance reviews are carried out within the Academy Trust by:

- The implementation of a Trust wide intranet which covers key areas including Governance. This also includes access to useful resource materials.
- Appropriate courses are offered throughout the academic year which are made available to all Governors including Clerks.
- Academies are required to submit annual self-assessments which include areas around governance. These self-assessments are then reviewed by the Academy Trust and any areas of weakness identified are addressed and the necessary actions are taken.

The Audit & Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee the Academy Trust's finance and financial performance and also to supervise the Senior Executives' response to the management of risk.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Karen Roberts, Chief Executive	3	3
Aruna Mehta, Committee Chair	3	3
Daniel Barber	1	1
Ian Armitage	2	2
John Atkins	3	3
John Kelly	2	2

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GOVERNANCE STATEMENT (continued)

The Board has also established two further sub-committees, The Remuneration and Nomination Committee and The High Risk Challenge Committee.

The Remuneration and Nomination Committee consists of John Atkins, Aruna Mehta and Lesley Robins, its responsible for reviewing remuneration and succession planning of the Chief Executive and senior managers.

The High Risk Challenge Committee consisting of John Atkins, Aruna Mehta and Karen Roberts, was established to support TKAT in the discharge of its responsibilities to provide a high standard of education to every student in its academies.

REVIEW OF VALUE FOR MONEY

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- The implementation of a Procurement and Value For Money policy - The Trust has developed this with a view to ensure that all Academies secure value for money on transactions over £5,000. Applying effective and up to date procurement procedures including formal tendering and the use of public sector procurement frameworks provides assurance to the Board that best value is secured.
- A full independent Operations review conducted by Deloitte LLP – This was commissioned by the Board to fully ascertain the current processes in place at Trust level and to ensure there are sufficient resources and measures in place to continue delivering educational excellence to all Academies within the Trust.
- A full independent Educational review conducted by Mouchel LLP – This was conducted to first establish the current educational function and structure, and to ascertain the capacity and necessary scope to ensure that going forward the Trust continues to best deliver support and guidance to allow the Academies to deliver and complete their educational objectives.

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 Trust 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 The Kemnal Academies Trust for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

The Academy Trust'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 Audit and Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Crowe Clark Whitehill (CCW) as internal auditor.

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

- Full review of Academies internal financial controls and procedures based on sample testing.
- Providing assurance to the Board that robust internal controls and procedures are in place to mitigate internal risks.

On a quarterly basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The appointed Internal Auditors (CCW) conducted audits as per their agreed schedule of work and reported all findings to the Audit & Risk Committee on a termly basis, prior to this, the internal audit function was performed by the TKAT Finance team. Any recurring weaknesses of internal control are escalated to the Chair of Audit & Risk, with consequential actions and support structures implemented to mitigate any risks.


Review of Effectiveness

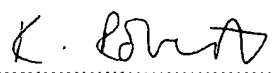
As accounting officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy Trust 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 Audit & Risk 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 17 December 2015 and signed on its behalf, by:


.....
Aruna Mehta
Chair of Audit & Risk Committee


.....
Karen Roberts
Accounting Officer


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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Kemnal Academies Trust 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.

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.

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.



.....
Karen Roberts, Chief Executive
Accounting Officer

Date: 17th December 2015

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees (who act as directors of the charitable company, The Kemnal Academies Trust for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic report) and the Financial Statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees on 17 December 2015 and signed on its behalf by:


.....
John Atkins, CBE
Chairman

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KEMNAL ACADEMIES TRUST

We have audited the financial statements of The Kemnal Academies Trust for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2015 and of its incoming resources and resources expended, 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

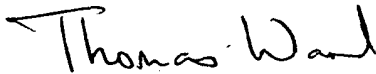
THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KEMNAL ACADEMIES TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Thomas Ward (Senior Statutory Auditor)

for and on behalf of: Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1 4AB
Date: 21 December 2015

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE KEMNAL ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Kemnal Academies Trust during the year 1 September 2014 to 31 August 2015 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 The Kemnal Academies Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Kemnal Academies Trust and 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 The Kemnal Academies Trust and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE KEMNAL ACADEMIES TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Kemnal Academies Trust's master funding agreement with the Secretary of State for Education dated 26 March 2013, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by 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 Trust's income and expenditure.

Our procedures included, but were not limited to the following:

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the Trust's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, review for any indication of purchase for personal use by staff, head teachers or Trustees;
- Reviewing the procedures for identifying and declaring related parties and other business interests;

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
KEMNAL ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

- Obtaining formal representation from the Trustees and accounting officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the Trust;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore Stephens LLP

Moore Stephens LLP

Chartered Accountants
London
EC1A 4AB

Date: *21 December 2015*

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Donated Assets from predecessor school	2	-	-	5,820	5,820	52,378
Predecessor school surplus	2	481	-	-	481	574
Predecessor school LGPS deficit	2	-	(1,050)	-	(1,050)	(2,157)
Other voluntary income	2	-	1,022	3,040	4,062	7,862
Activities for generating funds	3	3,066	2,054	-	5,120	4,267
Investment income	4	-	64	-	64	70
Incoming resources from charitable activities	5	-	124,723	4,059	128,782	127,259
TOTAL INCOMING RESOURCES		3,547	126,813	12,919	143,279	190,253
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income	7	3,965	1,640	-	5,605	4,666
Charitable activities	8	710	127,117	9,611	137,438	131,909
Governance costs	9	-	1,241	-	1,241	1,402
TOTAL RESOURCES EXPENDED	6	4,675	129,998	9,611	144,284	137,978
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		(1,128)	(3,185)	3,308	(1,005)	52,275

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

		Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Transfers between Funds	Note 20	-	(1,103)	1,103	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(1,128)	(4,288)	4,411	(1,005)	52,275
Actuarial gains and losses on defined benefit pension schemes		-	(288)	-	(288)	(1,397)
NET MOVEMENT IN FUNDS FOR THE YEAR		(1,128)	(4,576)	4,411	(1,293)	50,878
Total funds at 1 September 2014		4,473	(14,405)	255,289	245,357	194,479
TOTAL FUNDS AT 31 AUGUST 2015		3,345	(18,981)	259,700	244,064	245,357

All activities relate to continuing operations.

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

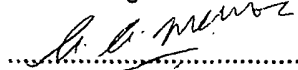
The notes on pages 23 to 51 form part of these financial statements.

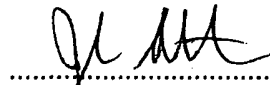
THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07348231

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£000	2015 £000	2014 £000
FIXED ASSETS				
Tangible assets	16		257,705	252,545
CURRENT ASSETS				
Debtors	17	6,338	6,965	
Cash at bank and in hand		16,363	19,157	
		<u>22,701</u>	<u>26,122</u>	
CREDITORS: amounts falling due within one year	18	(8,899)	(8,573)	
NET CURRENT ASSETS			<u>13,802</u>	<u>17,549</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>271,507</u>	<u>270,094</u>
CREDITORS: amounts falling due after more than one year	19		(336)	(429)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			<u>271,171</u>	<u>269,665</u>
Defined benefit pension scheme liability	27		(27,107)	(24,308)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>244,064</u>	<u>245,357</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	20	8,126	9,903	
Restricted fixed asset funds	20	259,700	255,289	
Restricted funds excluding pension liability		<u>267,826</u>	<u>265,192</u>	
Pension reserve		(27,107)	(24,308)	
Total restricted funds			<u>240,719</u>	<u>240,884</u>
Unrestricted funds	20		<u>3,345</u>	<u>4,473</u>
TOTAL FUNDS			<u>244,064</u>	<u>245,357</u>

The financial statements were approved by the Trustees, and authorised for issue, on 17th December 2015 and are signed on their behalf, by:


Aruna Mehta
Chair of Audit & Risk Committee


John Atkins
Executive Chairman

The notes on pages 23 to 51 form part of these financial statements.

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £000	2014 £000
Net cash flow from operating activities	22	(3,108)	402
Returns on investments and servicing of finance	23	64	70
Capital expenditure and financial investment	23	(141)	1,824
Cash transferred on conversion to an academy trust	25	481	574
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(2,704)	2,870
Financing	23	(90)	(13)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(2,794)	2,857

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £000	2014 £000
(Decrease)/Increase in cash in the year	(2,794)	2,857
Cash outflow from decrease in debt and lease financing	90	13
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(2,704)	2,870
Other non-cash changes	-	(535)
MOVEMENT IN NET FUNDS IN THE YEAR	(2,704)	2,335
Net funds at 1 September 2014	18,635	16,300
NET FUNDS AT 31 AUGUST 2015	15,931	18,635

The notes on pages 23 to 51 form part of these financial statements. All of the cash flows are derived from acquisitions in the current financial period.

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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 and include grants from the Department for Education.

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

1.3 Incoming resources

All incoming resources are included in the statement of financial activities when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

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

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

School trips and activities - These transactions are included in restricted funds. Income is recognised when received and expenditure is recognised when paid, any surplus being carried forward within restricted funds until the trip or activity is completed.

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets with an expected useful life exceeding one year costing more than £5,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and are carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation

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

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

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

Expected useful lives are on the following bases:

Freehold property	-	1% - 10%
L/Term Leasehold Property	-	2% - 25%
Leasehold land	-	over the life of the lease
Motor vehicles	-	20%
Computer equipment	-	25%

1.7 Fixed asset transfers from predecessor schools

Where fixed assets are transferred to the charitable Company from the predecessor schools, these have been included at fair value determined in accordance with a professional valuation as at date of the transfer, conducted by the District Valuer Services. Land and buildings for which the Company has the rights and responsibilities of ownership but which are held under a licence to occupy provided by a church body fixed assets are recorded within leasehold buildings.

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.8 Leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Where the properties occupied by acquired academies are the subject of PFI contracts, consideration is given to the detailed terms of the relevant contract and to whether or not the PFI contract transfers the risks and rewards of ownership to the Trust. If there is such a transfer of risk and rewards, such assets are accounted for under the policies for land and buildings set out above. If such risks and rewards are not transferred, the payments under the PFI contract are treated as operating lease payments.

1.9 Taxation

The Academy Trust 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

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 Trust 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 quinquennial valuations using a prospective benefit method. As stated in note 27 the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits within direct costs. Actuarial gains and losses are recognised immediately in other gains and losses.

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.11 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for under the acquisition accounting method. In the current year, the assets and liabilities transferred on conversion from Napier Community Primary School and Miltoncross School to the academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 25.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Donated Assets from predecessor school	-	5,820	5,820	52,378
Predecessor school surplus	481	-	481	574
Predecessor school LGPS deficit	-	(1,050)	(1,050)	(2,157)
Voluntary income- transfer from Local Authority on conversion	481	4,770	5,251	50,795
Donations	-	438	438	532
Sponsorship	-	121	121	426
Donations- Fixed Assets	-	3,040	3,040	6,212
Government grants	-	463	463	692
Subtotal	-	4,062	4,062	7,862
Voluntary income	481	8,832	9,313	58,657

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Hire of facilities	1,372	-	1,372	1,016
Letting	530	-	530	503
Academy's shop	359	-	359	359
Trips and Activities	-	1,598	1,598	1,346
Catering Income	805	-	805	743
Other income	-	456	456	300
	<u>3,066</u>	<u>2,054</u>	<u>5,120</u>	<u>4,267</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Bank interest	-	64	64	70
	<u>-</u>	<u>64</u>	<u>64</u>	<u>70</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
DfE/EFA revenue grants				
Dfe/ EFA Capital Devolved grant	-	4,059	4,059	5,419
General Annual Grants (GAG)	-	107,874	107,874	107,384
Start-up	-	53	53	460
Other DfE/ EFA grants	-	14,136	14,136	11,512
Local authority grants	-	2,660	2,660	2,484
	<u>-</u>	<u>128,782</u>	<u>128,782</u>	<u>127,259</u>

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

6. RESOURCES EXPENDED

	Staff costs	Non Pay	Expenditure	Total	Total
	2015	Premises	Other costs	2015	2014
	£000	2015	2015	£000	£000
		£000	£000		
Costs of generating voluntary income	258	-	5,345	5,603	4,666
Costs of generating funds	258	-	5,345	5,603	4,666
Educational Operations	83,786	7,942	9,339	101,067	96,352
Support costs - Educational Operations	15,425	-	20,946	36,371	35,557
Charitable activities	99,211	7,942	30,285	137,438	131,909
Governance	-	-	1,241	1,241	1,402
	99,469	7,942	36,871	144,282	137,977

7. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2015	2015	2015	2014
	£000	£000	£000	£000
Trips and Activities	-	1,640	1,640	1,519
Shop	296	-	296	304
Catering	3,411	-	3,411	2,494
Staff costs	258	-	258	349
	3,965	1,640	5,605	4,666

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FOR THE YEAR ENDED 31 AUGUST 2015

8. CHARITABLE ACTIVITIES

	Total funds 2015 £000	Total funds 2014 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	69,901	66,847
National insurance	4,876	4,662
Pension cost	9,009	8,530
Depreciation	7,942	7,850
Pension interest (See note 13)	317	680
Educational supplies	4,674	4,589
Examination fees	1,319	1,190
Staff development	685	647
Educational Consultancy	2,200	1,096
Other direct costs	144	261
	101,067	96,352
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	11,412	9,788
National insurance	604	550
Pension cost	3,409	2,102
Other indirect costs	200	157
Recruitment and support	627	483
Maintenance of premises and equipment	3,917	5,898
Furniture and equipment	2,541	3,192
ICT Equipment and licences	3,553	3,169
Cleaning	148	151
Rent & rates	3,441	2,777
Utilities	3,138	3,261
Insurance	1,035	1,237
Printing, postage, stationery	545	526
Security & transport	242	251
Bank interest and charges	60	50
Other support costs	1,222	1,077
Fixed asset - loss on disposal (see note 16)	277	888
	36,371	35,557
	137,438	131,909

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

9. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Auditor's remuneration	-	115	115	127
Auditor's other services	-	47	47	75
Legal and professional fees	-	1,063	1,063	1,200
Internal auditor's remuneration	-	16	16	-
	-	1,241	1,241	1,402

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets:		
- owned by the charity	7,942	7,850
Auditors' remuneration	115	127
Auditors' remuneration - non-audit	47	75
Operating lease rentals:		
- plant and machinery	750	623
- other operating leases	4,439	3,971
Loss on disposal of fixed asset	277	888

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	77,723	73,378
Social security costs	5,479	5,220
Other pension costs (Note 27)	12,418	10,631
	95,620	89,229
Supply teacher costs	3,216	2,839
Staff restructuring costs	633	759
	99,469	92,827

b. Non-statutory / non-contracted / staff severance payments

Included in staff restructuring costs are non statutory, non-contractual and staff severance payments totalling £70,181 (2014: £191,818). Individually the payments were: £428, £699, £744, £1,030, £1,254, £1,709, £1,564, £1,624, £2,027, £2,227, £2,535, £4,000, £5,109, £5,925, £6,413, £8,680, £10,574 & £13,939.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

11. STAFF (continued)

c. Staff numbers

The average number of persons employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	1,242	1,221
Administration and support	1,237	1,287
Management	92	99
	<u>2,571</u>	<u>2,607</u>

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	36	36
In the band £70,001 - £80,000	21	11
In the band £80,001 - £90,000	4	4
In the band £90,001 - £100,000	3	3
In the band £100,001 - £110,000	3	1
In the band £110,001 - £120,000	1	2
In the band £120,001 - £130,000	1	0
In the band £130,001 - £140,000	0	1
In the band £140,001 - £150,000	1	0
	<u>1</u>	<u>0</u>

One (2014: one) of the above employees participated in the Local Government Pension Scheme. During the year ended 31 August 2015, pension contributions for this staff member amounted to £23,770 (2014: £22,132). 64 (2014: 55) employees participated in the Teachers' Pension Scheme, pension contributions amounted to £665,529 (2014: £557,074).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. TRUSTEES' REMUNERATION AND EXPENSES

In accordance with the Articles of Association, some staff may serve as Trustees or Members. They receive their remuneration in their capacity as employees of the Trust, but no remuneration is paid for acting as a Trustee or Member. Other Trustees did not receive any fees or remuneration for the performance of their role as Trustees, but were reimbursed expenses necessarily incurred in that role.

J Atkins (Trustee and Chair)

Remuneration £75,000 - £80,000 (2014: £75,000 - £80,000)

Employer's pension contributions Nil (2014: Nil)

K Roberts (Trustee and CEO)

Remuneration £150,000 - £155,000 (2014: £130,000 - £135,000)

Employer's pension contributions £20,000 - £25,000 (2014: £20,000 - £25,000)

During the period ended 31 August 2015, travel and subsistence expenses totalling £2,771 (2014: £3,158) were reimbursed or paid directly to 4 trustees (2014: 3 trustees)

Christian Cavanagh (Member)

Remuneration £120,000 - £125,000 (2014: £115,000 - £120,000)

Employer's pension contributions £15,000 - £20,000 (2014: £15,000 - £20,000)

Christian Markham (Member)

Remuneration £95,000 - £100,000 (2014: £95,000 - £100,000)

Employer's pension contributions £10,000 - £15,000 (2014: £10,000 - £15,000)

Dianne Khanna (Member)

Remuneration £100,000 - £105,000 (2014: £100,000 - £105,000)

Employer's pension contributions £10,000 - £15,000 (2014: £10,000 - £15,000)

K Roberts is the highest paid trustee.

Other related party transactions involving the Trustees are set out in note 29.

13. OTHER FINANCE INCOME

	2015 £000	2014 £000
Expected return on pension scheme assets	1,995	1,453
Interest cost on pension scheme liabilities	(2,312)	(2,133)
	<u>(317)</u>	<u>(680)</u>

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust 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 £500,000 in the aggregate for all losses in any one period of insurance and the cost for the year ended 31 August 2015 was £2,111 (2014 - £2,111). The cost of this insurance is included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

15. CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the year:

- Educational - Strategical direction and Intervention
- Non Education - Strategical direction and Intervention
- Human Resources
- Financial Services including Internal Audit
- Legal Services

The Academy Trust charges for these services based on a flat percentage of 3% (2014: 1.8%) on EFA funding.

The actual amounts charged during the year were as follows:

	2015 £000
Kemnal Technology College	142
Orchards Academy	72
King Harold School	110
Rainham High School for Girls	228
Welling Academy	241
Debden Park High School	143
East Wickham Primary Academy	89
Hylands School	116
Horizon Primary Academy	25
The Academy, Selsey	77
Smarden Primary School	13
The Bewbush Academy	67
Tangmere Academy	27
Seal Primary Academy	42
Pluckley Church of England Primary School	15
Havant Academy	81
Newlands Primary School	56
Northdown Primary School	50
Salmestone Primary School	56
Cleeve Park School	155
Thomas Bennett Community College	194
Hilltop Primary Academy	58
Broadfield East Junior School	40
Broadfield East Infant School and Nursery	41
Seymour Primary School	64
The Oaks Primary School	50
Portfield Primary Academy	27
Bridgemary School	116
Heybridge Primary Academy	27
Drapers Mills Primary Academy	79
Dame Janet Primary Academy	71
Weyfield Primary Academy	56
Front Lawn Primary Academy	60
Chichester High School for Girls	143
Chichester High School for Boys	122
Gray's Farm Primary Academy	49
Ore Village Primary Academy	44
The Mill Primary Academy	45
Pebsham Primary Academy	24
Miltoncross Academy	116
Napier Community Primary & Nursery Academy	52

Total

3,283

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

16. TANGIBLE FIXED ASSETS

	Freehold property £000	L/Term Leasehold Property £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2014	68,061	201,494	157	58	269,770
Additions	1,171	6,334	54	-	7,559
Disposals	-	(289)	-	-	(289)
Transfer on Conversion	-	5,820	-	-	5,820
At 31 August 2015	<u>69,232</u>	<u>213,359</u>	<u>211</u>	<u>58</u>	<u>282,860</u>
Depreciation					
At 1 September 2014	5,948	11,147	112	18	17,225
Charge for the year	1,722	6,155	54	11	7,942
On disposals	-	(12)	-	-	(12)
At 31 August 2015	<u>7,670</u>	<u>17,290</u>	<u>166</u>	<u>29</u>	<u>25,155</u>
Net book value					
At 31 August 2015	<u>61,562</u>	<u>196,069</u>	<u>45</u>	<u>29</u>	<u>257,705</u>
At 31 August 2014	<u>62,113</u>	<u>190,347</u>	<u>45</u>	<u>40</u>	<u>252,545</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

16. TANGIBLE FIXED ASSETS (continued)

On the 1st September 2014, Napier School converted to academy. A 125 year lease agreement for the school land and buildings, on a pepper-corn rent basis with Medway Council (the Local Authority) was signed. The leasehold land and buildings transferred over from Napier Community Primary and Nursery to The Kemnal Academy Trust were valued in accordance with the RICS Valuation Standards Global and UK by DVS Property Specialist. The land and buildings have been recognised at a value of £5,189,541.

Land

Where land is owned (or occupied under terms of long lease), subject to a legally binding restriction as to its use, it is included at a value determined by professional valuation, recognising restriction on use.

Buildings

In accordance with the requirements of FRS 15, specialist buildings transferred from the predecessor schools are recognised at their depreciated replacement cost at the time of the transfer and non-specialist buildings (such as school cottage) are included at market value. Depreciation on transferred buildings is charged on a straight line basis over the estimated remaining useful life.

As at 31 August 2015, The Kemnal Academies Trust recognised as a leasehold building valued at £621,547, the land and buildings occupied by Pluckley Church of England Primary School under a two year rolling licence from the Diocese of Canterbury.

Ore Village received a Childrens Centre building during the year which was donated by East Sussex County Council to the Academy, this has been recognised at a value of £762,347.

During year East Wickham Primary Academy demolished a portable cabin with a value of £15,335 and Smarden School demolished a rear modular extension of the main school building with a value of £261,389. These have both been replaced during the 2014/2015 year with additions, for East Wickham Primary Academy a new classrooms was built with a value of £324,167 and for Smarden School a new classroom extension was funded by the EFA. The new building has been valued at the cost to the EFA of £1,656,251.

17. DEBTORS

	2015 £000	2014 £000
Trade debtors	498	26
Other debtors	3,412	4,036
Prepayments and accrued income	463	1,120
VAT recoverable	1,965	1,783
	<u>6,338</u>	<u>6,965</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. CREDITORS:
Amounts falling due within one year

	2015 £000	2014 £000
Other loans	96	93
Trade creditors	3,236	2,456
Other taxation and social security	1,991	2,504
EFA abatement of grant income & deficit on transfer	722	483
Local Authority Creditor	118	-
Other creditors	840	306
Accruals and deferred income	1,896	2,731
	<u>8,899</u>	<u>8,573</u>

Deferred income

	£000
Deferred income at 1 September 2014	837
Resources deferred during the year	744
Amounts released from previous years	(837)
Deferred income at 31 August 2015	<u>744</u>

Deferred income held at 31 August 2015 mainly related to Universal & Infant Free School Meals for the Academic year 2015/2016.

19. CREDITORS:
Amounts falling due after more than one year

	2015 £000	2014 £000
Other loans	<u>336</u>	<u>429</u>

Included within other creditors are the following loans:

- £120,000 from West Sussex County Council which is provided on the following terms: The loan shall be repaid within 10 years at an annually reviewed interest rate, currently 2%
- £182,979 from Bexley County Council which is provided on the following terms: The loan shall be repaid within 10 years and the repayment shall be free of interest unless there is a default on payment, in which case interest on the balance outstanding will be at the rate of 4% above the base rate of National Westminster Bank for the time being in force.
- £33,449 from Salix which is provided on the following terms: The loan shall be repaid within 4 years and the repayment shall be free of interest.

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

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
Unrestricted funds	4,473	3,547	(4,675)	-	-	3,345
Restricted funds						
General Annual Grant (GAG)	7,238	107,874	(108,461)	(1,103)	-	5,548
Other DfE/ EFA	-	14,189	(14,189)	-	-	-
Other Government Grants	-	2,660	(2,660)	-	-	-
Other Income	-	1,542	(1,542)	-	-	-
Voluntary Funds (ii)	2,665	1,598	(1,685)	-	-	2,578
Pension reserve	(24,308)	(1,050)	(1,461)	-	(288)	(27,107)
	(14,405)	126,813	(129,998)	(1,103)	(288)	(18,981)
Restricted fixed asset funds						
Restricted Fixed Asset Funds (iii)	2,744	1,993	(2,744)	-	-	1,993
DfE/ EFA Capital Grants	3,023	2,064	(213)	1,103	-	5,977
Donation on Conversion	243,377	5,820	(5,860)	-	-	243,337
Donation from Local Authority	6,145	3,042	(794)	-	-	8,393
	255,289	12,919	(9,611)	1,103	-	259,700
Total Restricted Funds	240,884	139,732	(139,609)	-	(288)	240,719
Total of Funds	245,357	143,279	(144,284)	-	(288)	244,064

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

Notes:

- (i) Restricted funds must be used for the normal running costs of the Company.
- (ii) Voluntary funds consists of income received from pupils for specific trips and activities.
- (iii) The Restricted Fixed Asset Fund relates to DfE/ EFA capital funding received for future capital expenditure.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

THE KEMNAL ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

20. STATEMENT OF FUNDS (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £000
Kemnal Technology College	1,062
Orchards Academy	(94)
King Harold School	1,320
Rainham High School for Girls	333
Welling School	1,218
Debden Park High School	1,488
East Wickham Primary Academy	248
Hylands School	586
Horizon Primary	277
The Academy, Selsey	470
Smarden Primary School	95
Bewbush Academy	388
Tangmere Academy	143
Seal Primary	52
Pluckley Church of England Primary School	99
Havant Academy	116
Newlands Primary School	202
Northdown Primary School	119
Salmestone Primary School	111
Cleeve Park School	198
Thomas Bennett Community College	390
Hilltop Primary Academy	600
Broadfield East Junior School	497
Broadfield East Infants School and Nursery	229
Seymour Primary School	247
The Oaks Primary School	449
Portfield Primary Academy	(18)
Bridgemary School	321
Heybridge Primary Academy	85
Drapers Mills Primary Academy	93
Dame Janet Primary Academy	2
Weyfield Primary Academy	195
Front Lawn Primary Academy	138
Chichester High School for Boys	77
Chichester High School for Girls	91
Grays Farm Primary Academy	(112)
The Mill Primary Academy	240
Ore Village Primary Academy	28
Pebsham Primary Academy	63
The Kemnal Academies Trust	(965)
Miltoncross Academy	315
Napier Community Primary & Nursery Academy	75
Total before fixed asset fund and pension reserve	11,471
Restricted fixed asset fund	259,700
Pension reserve	(27,107)
Total	244,064

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

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding dep'n £000	Total £000
Kemnal Technology College	3,790	595	117	1,109	5,611
King Harold School	2,497	415	184	1,377	4,473
Orchards Academy	2,054	404	103	909	3,470
Rainham School for Girls	5,929	990	344	639	7,902
Welling School	5,968	653	301	2,048	8,970
Debden Park High School	3,399	441	116	1,116	5,072
East Wickham Primary Academy	2,421	328	141	978	3,868
Hylands School	3,087	844	117	1,400	5,448
Horizon Primary Academy	638	114	70	256	1,078
The Academy, Selsey	1,713	428	88	988	3,217
Smarden Primary School	256	43	15	170	484
Pluckley Church of England School	373	95	24	127	619
Havant Academy	1,916	482	140	790	3,328
Seal Primary Academy	1,104	186	172	486	1,948
Tangmere Primary Academy	659	97	34	186	976
Bewbush Academy	1,931	278	84	510	2,803
Newlands Primary School	1,488	350	44	449	2,331
Northdown Primary School	1,277	272	72	426	2,047
Salmestone Primary School	1,271	273	78	674	2,296
Drapers Mills Primary Academy	1,891	493	67	900	3,351
Dame Janet Primary Academy	1,835	462	111	585	2,993
Thomas Bennett Community College	5,417	636	174	1,134	7,361
Hilltop Primary Academy	1,526	192	55	596	2,369
The Oaks Primary School	1,296	268	58	460	2,082
Broadfield East Junior School	927	177	33	472	1,609
Broadfield East Infants School and Nursery	1,025	132	42	582	1,781
Front Lawn Primary Academy	1,556	289	117	676	2,638
Bridgemary School	2,661	777	405	1,026	4,869
Cleeve Park School	3,727	642	149	1,451	5,969
Heybridge Primary School	580	185	26	310	1,101
Seymour Primary School	1,741	144	59	655	2,599
Portfield Primary Academy	815	91	46	241	1,193
Weyfield Primary Academy	1,305	162	44	707	2,218
Chichester High School for Boys	2,694	502	212	1,192	4,600
Chichester High School for Girls	3,413	715	222	1,550	5,900
Miltoncross Academy	2,521	479	298	983	4,281
Gray's Farm Primary Academy	1,343	204	61	556	2,164
Ore Village Primary Academy	1,112	138	101	606	1,957
The Mill Primary Academy	1,114	181	58	398	1,751
Pebsham Primary Academy	681	115	29	180	1,005
The Kemnal Academies Trust	1,584	1,027	39	1,679	4,329

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

20. STATEMENT OF FUNDS (continued)

Napier Community Primary & Nursery Academy	1,251	384	24	620	2,279
	<u>83,786</u>	<u>15,683</u>	<u>4,674</u>	<u>32,197</u>	<u>136,340</u>

SUMMARY OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General funds	4,473	3,547	(4,675)	-	-	3,345
Restricted funds	(14,405)	126,813	(129,998)	(1,103)	(288)	(18,981)
Restricted fixed asset funds	255,289	12,919	(9,611)	1,103	-	259,700
	<u>245,357</u>	<u>143,279</u>	<u>(144,284)</u>	<u>-</u>	<u>(288)</u>	<u>244,064</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	-	-	257,705	257,705	252,545
Current assets	3,345	17,361	1,995	22,701	26,122
Creditors due within one year	-	(8,899)	-	(8,899)	(8,573)
Creditors due in more than one year	-	(336)	-	(336)	(429)
Pension scheme liability	-	(27,107)	-	(27,107)	(24,308)
	<u>3,345</u>	<u>(18,981)</u>	<u>259,700</u>	<u>244,064</u>	<u>245,357</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Net incoming resources before revaluations	(1,005)	52,275
Returns on investments and servicing of finance	(64)	(70)
Donation of buildings and equipment	(5,820)	(52,378)
Transfer of cash on conversion	(481)	(574)
Depreciation of tangible fixed assets	7,942	7,850
Disposal of tangible fixed assets	277	889
Capital grants from DfE	(4,057)	(5,419)
FRS 17 pension finance costs	317	680
FRS17 pension costs less contributions payable	1,144	261
Decrease / (increase) in debtors	396	(64)
Decrease in creditors	233	1,007
Increase in provisions	-	-
Fixed asset donations	(3,040)	(6,212)
FRS 17 adjustments	-	-
Transfer of pension scheme liability	1,050	2,157
Net cash (outflow)/inflow from operations	(3,108)	402

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £000	2014 £000
Returns on investments and servicing of finance		
Interest received	64	70
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,519)	(1,281)
Capital grants from DfE	4,378	3,105
Net cash (outflow)/inflow capital expenditure	(141)	1,824
Financing		
Loans received	-	89
Repayment of other loans	(90)	(102)
Net cash outflow from financing	(90)	(13)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	19,157	(2,794)	-	16,363
Debt:				
Debts due within one year	(93)	(3)	-	(96)
Debts falling due after more than one year	(429)	93	-	(336)
Net funds	18,635	(2,704)	-	15,931

25. CONVERSION TO AN ACADEMY TRUST

During the year two Schools converted to academy status under the Academies Act 2010 and all the operations and assets were transferred to The Kemnal Academies Trust from the Local Authority for £nil consideration.

On 1 September 2014 Napier Community Primary & Nursery School transferred from Medway Council and on 1 November 2014 Miltoncross School transferred from Portsmouth City council.

On conversion, Miltoncross School transferred over to the Trust with a PFI agreement in place with an annual commitment of £739,639. The lease is due to expire in December 2025. Two operating leases for equipment were also transferred, the total annual commitment under these leases are £1,990 and are due to expire in February 2016 and August 2018.

Napier Community Primary & Nursery School transferred to the Trust with a 125 year land & building lease in place.

Transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Freehold/leasehold land and buildings	-	-	5,820	5,820
Budget surplus/(deficit) on LA funds	481	-	-	481
LGPS pension surplus/(deficit)	-	(1,050)	-	(1,050)
Net assets/(liabilities)	481	(1,050)	5,820	5,251

The above net assets/liabilities include £480,725 transferred as cash.

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26. CAPITAL COMMITMENTS

At 31 August 2015 the Academy Trust had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	<u>2,166</u>	<u>2,314</u>

27. PENSION COMMITMENTS

The Academy Trust'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 8 different local authorities (Kent, Essex, West Sussex, East Sussex, Bromley, Bexley, Surrey, Hampshire County Councils). Both are multi employer defined benefit schemes.

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

Contributions amounting to £897,272 were payable to the schemes at 31 August 2015 (2014 - £1,040,124) 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

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27. PENSION COMMITMENTS (continued)

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

The pension costs paid to TPS in the period for April 2014 - March 2015 amounted to £11,252,449 (2013/2014: £9,882,658).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 2015 was £5,826,000, of which employer's contributions totalled £4,547,000 and employees' contributions totalled £1,279,000. The future banding rates for employee contributions are as follows:

Up to £13,600	5.5%
£13,601 to £21,200	5.8%
£21,201 to £34,400	6.5%
£34,401 to £43,500	6.8%
£43,501 to £60,700	8.5%
£60,701 to £86,000	9.9%
£86,001 to £101,200	10.5%
£101,201 to £151,800	11.4%
£151,801 or more	12.5%

The following schools converted during the 2014/2015 academic year, Napier Community Primary and Nursery School and Miltoncross School. The new convertors transferred a pension deficit totalling £1,050,000.

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27. PENSION COMMITMENTS (continued)

Future agreed contribution rates vary according to the Local Authority for employer contributions and are as follows:

Cleeve Park	Bexley	16.6%
East Wickham Infants	Bexley	16.1%
Welling	Bexley	14.4%
Grays Farm	Bromley	26.9%
Kemnal Technology College	Bromley	24.3%
Ore Village	East Sussex	16.6%
Pebsham	East Sussex	17.2%
Debden Park High School	Essex	11.1%
Heybridge primary	Essex	12.3%
Hylands	Essex	12.3%
King Harold School	Essex	12.7%
Bridgemary	Hampshire	13.1%
Front Lawn Primary	Hampshire	13.1%
Havant	Hampshire	13.1%
Milton Cross	Hampshire	13.1%
Dame Janet	Kent	19.8%
Drapers Mills	Kent	19.8%
Horizon Primary	Kent	19.8%
Newlands	Kent	19.8%
Northdown	Kent	19.8%
Orchards Academy	Kent	19.8%
Pluckley	Kent	19.8%
Salmestone	Kent	19.8%
Smarden	Kent	19.8%
Napier Primary School	Medway	20.1%
Rainham School for Girls	Medway	20.1%
Weyfield Primary	Surrey	25.8%
Bewbush	West Sussex	21.7%
Broadfield east infants	West Sussex	21.7%
Broadfield east junior	West Sussex	20.1%
Chichester High school for boys	West Sussex	18.4%
Chichester High school for girls	West Sussex	19.1%
Hilltop	West Sussex	21.7%
Portfield primary	West Sussex	22.0%
Seal Primary	West Sussex	21.7%
Selsey, The Academy	West Sussex	17.9%
Seymour	West Sussex	17.1%
Tangmere	West Sussex	21.7%
The Mill	West Sussex	18.1%
The Oaks	West Sussex	21.7%
Thomas Bennett	West Sussex	21.7%

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.

As described in note 25 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £000	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000
Equities	5.50	25,656	6.50	20,693
Bonds	3.30	5,804	3.30	4,765
Property	5.00	3,683	5.20	2,506
Other	3.70	3,526	3.80	2,665
Total market value of assets		38,669		30,629
Present value of scheme liabilities		(65,776)		(54,937)
Deficit in the scheme		(27,107)		(24,308)

The amounts recognised in the Balance sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(65,776)	(54,937)
Fair value of scheme assets	38,669	30,629
Net liability	(27,107)	(24,308)

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

	2015 £000	2014 £000
Current service cost	(5,625)	(4,302)
Interest on obligation	(2,312)	(2,133)
Expected return on scheme assets	1,995	1,453
Past service costs	-	(48)
Loss on curtailments	(66)	(21)
Total	(6,008)	(5,051)
Actual return on scheme assets	1,205	2,167

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**NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

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

	2015 £000	2014 £000
Opening defined benefit obligation	54,937	38,035
Current service cost	5,625	4,302
Interest cost	2,312	2,133
Contributions by scheme participants	1,279	1,143
Actuarial (Gains)/losses	(513)	3,869
Past service costs	-	48
Losses on curtailments	66	21
Benefits paid	(242)	(469)
Transfer in of scheme	2,312	5,855
	<u>65,776</u>	<u>54,937</u>
Closing defined benefit obligation		

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

	2015 £000	2014 £000
Opening fair value of scheme assets	30,629	18,222
Expected return on assets	1,995	1,453
Actuarial gains and (losses)	(801)	2,472
Contributions by employer	4,547	4,110
Contributions by employees	1,279	1,143
Benefits paid	(242)	(469)
Transfer in of scheme	1,262	3,698
	<u>38,669</u>	<u>30,629</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £3,285,000 (2014 - £2,997,000).

The Academy Trust expects to contribute £5,329,000 to its Defined benefit pension scheme in 2016.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.90 %	3.80 %
Rate of increase in salaries	4.10 %	4.10 %
Rate of increase for pensions in payment / inflation	2.50 %	2.60 %
Inflation assumption (CPI)	2.60 %	2.50 %

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27. 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:

	2015	2014
Retiring today		
Males	22.2 - 24.5	22.2 - 24.4
Females	24.4 - 26.3	24.4 - 26.2
Retiring in 20 years		
Males	24.2 - 26.9	24.2 - 26.9
Females	26.7 - 28.6	26.7 - 28.5

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000
Defined benefit obligation	(65,776)	(54,937)	(38,035)	(17,076)
Scheme assets	38,669	30,629	18,222	7,045
Deficit	(27,107)	(24,308)	(19,813)	(10,031)
Experience adjustments on scheme liabilities	513	(3,869)	(2,068)	(1,616)
Experience adjustments on scheme assets	(801)	2,472	1,346	-

28. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015 £000	2014 £000	2015 £000	2014 £000
Expiry date:				
Within 1 year	-	-	210	274
Between 2 and 5 years	-	-	448	343
After more than 5 years	4,663	3,938	-	-

The annual financial commitment in respect of Land & Buildings arises from the Company's PFI agreements at four of its Academies, Welling School, Debden Park High School, Thomas Bennett Community College and Miltoncross Academy.

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NOTES TO THE FINANCIAL STATEMENTS
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29. RELATED PARTY TRANSACTIONS

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

Trustees / Member	Declaration of interest for TKAT Trust	Relationship	Commercial value per annum
John Atkins	Mrs S Atkins - Chair of Governors at Smarden School & Pluckley CofE Primary School	Spouse	Nil
Karen Roberts	Ms D Roberts - School Health Co-ordinator at Rainham School for Girls	Sister	Standard terms of employment
Quentin Roper	Commercial contract with Canterbury Christ Church University for granting PGCE awards to newly qualified teachers	Governor	£35,500
	Diocese of Canterbury Academies Trust	Director	Nil
	The John Wallis Academy	Director	Nil
Aruna Mehta	Commercial contract with Ronald Ross school for provision of head teacher consultancy	Governor	Nil
	Trinity School Croydon	Governor/Chair of Welfare Committee	Nil
	Affinity Sutton	Non executive member of Audit, Treasury & Project	Nil
	Dr A Mehta Limited	Shareholder /Director/Secretary	Nil
Paul Kennard	Nil	Nil	Nil
Daniel Barber	Nil	Nil	Nil
Raymond Vooght	Mrs N Vooght - Intervention Tutor at Kemnal Technology College	Spouse	Standard terms of employment
Lesley Robins	Welling School	Chair of Governors	Nil
	Royal Park Primary School	Chair of Governors	Nil
Ian Armitage	Arbor Education Partner	Minority Investor	Nil

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	Commercial contract with The Key Support Services for School Leadership and Management support	Controlling Shareholder	£15,102 (of which, £1,167 was outstanding as at 31st August 2015)
Peter Wanless	Commercial contract with the NSPCC	Chief Executive Officer	£50
John Kelly	Nil	Nil	Nil

The Key Support Services has provided consultancy services to TKAT on commercial terms for a number of years, prior to Ian Armitage being appointed as a Trustee. These services were not provided at cost.

30. POST BALANCE SHEET EVENTS

The Kemnal Academies Trust has no post balance sheet events to disclose.