

Registered number: 07348231

THE KEMNAL ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

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THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Directors	John Atkins, Executive Chairman Lesley Robins, Director Peter Wanless, Director Daniel Barber, Director Quentin Roper, Director (appointed 1 April 2013) Aruna Mehta, Director (appointed 20 June 2013) Karen Roberts, Chief Executive (Appointed 1 September 2013) Peter O'Sullivan, Director (resigned 14 November 2012) Brendan Hollyer, Director (resigned 1 April 2013) Professor Mark Hector, Director (resigned 31 August 2013) James Rouncefield, Director (resigned 31 August 2013) Thomas Attwood, Director (resigned 31 August 2013)
Company registered number	07348231
Principal and registered office	Atkins Conference Centre Kemnal Technology College Sevenoaks Way Sidcup Kent DA14 5AA
Company secretary	Paul Allen
Chief executive officer	Karen Roberts
Auditors	Moore Stephens LLP 150 Aldersgate Street London EC1 4AB
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Solicitors	Winckworth Sherwood Minerva House 5 Montague House London SE1 9BB
Website	www.tkat.org

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013

The Directors (who are also Trustees of the charity for the purposes of the Charities Act) present their annual report together with the audited financial statements of The Kemnal Academies Trust (the Company) for the year ended 31 August 2013

The Directors 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 and is an exempt charity. The Company's articles of association are the primary governing document. 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 2013, include the operation of 33 academies (2012: 16 academies).

The following Schools transferred prior to the 1st September 2012:

Kemnal Technology College
King Harold School
Orchards Academy
Rainham School for Girls
Debden Park High School
East Wickham Infant School
Welling Academy
Hylands School
Horizon Primary Academy
The Academy, Selsey
Smarden Primary School
Bewbush Academy
Havant Academy
Pluckley Church of England School
Seal Primary Academy
Tangmere Primary Academy

The following Schools transferred at 1 September 2012:

Northdown Primary School
Salmestone Primary School
Newlands Primary School
Hilltop Primary School
Broadfield East Junior School
Broadfield East Infants School and Nursery
Seymour Primary School
The Oaks Primary Academy
Portfield Primary Academy
Bridgemary School
Thomas Bennett Community College
Cleeve Park School

The following Schools transferred at 1 December 2012:

Heybridge Primary Academy
Dame Janet Primary Academy
Drapers Mills Primary Academy

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

The following School transferred at 1 February 2013
Weyfield Primary Academy

The following Schools transferred at 1 April 2013
Front Lawn Primary Academy
East Wickham Junior School *

East Wickham Infant School expanded the age range at 1 April 2013 and changed the name to East Wickham Primary Academy to incorporate the pupils from East Wickham Junior School which closed on 31 March 2013

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
Peter O'Sullivan (Resigned 14/11/2012)
- b) One person appointed by the Secretary of State for Education, if applicable
No appointment made
- c) The Chairman of the Directors
Professor Mark Hector (Resigned 31/08/2013)
- d) Diocesan Member
The Diocese of Canterbury Academy Company Limited represented by Quentin Roper
- e) Additional members appointed by unanimous agreement of the above
Christian Cavanagh
Diane Khanna
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

Directors' 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 Directors

The articles of association require the appointment of at least 3 directors to the Company. There is no maximum number of directors. Members may appoint any number of directors, 1 director can be appointed by the Diocesan Member, at least 1 must be elected as an academy director, at least 1 shall be a parent director and the Chief Executive Officer will be a director. The Secretary of State has the power to appoint additional directors. A director is also a trustee of the charity. The directors delegate a number of functions to the local governing body of each academy.

Directors' Term of Office

The term of office for any director other than the Chief Executive officer, is 4 years. Any director may be reappointed. The Chief Executive officer is an ex-officio director.

Procedures Adopted for the Induction and Training of Directors

Training and induction is tailored to new directors appropriate to their requirements and previous experience.

THE KEMNAL ACADEMIES TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

The Company Directors have access to policies, procedures, minutes, budgets, accounts and other relevant plans and documents that they need to fulfil their role as directors

Organisational Structure

The Directors have delegated the day to day management of the Company to the Chief Executive supported by Educational and Operational Executives, a team comprising of 12 senior managers. Those managers meet on a regular basis to monitor the educational performance of pupils and the financial performance of the Company. The Chief Executive Officer is the Accounting Officer for the Company. Local accountability is delegated to each academy Headteacher supported by a local governing body established as a sub-committee of the Board. A structure of regional boards is being established to support the operational management and working arrangements between academies within defined geographical areas.

Risk Management

The Directors have assessed the major risks to which the Company is exposed, in particular those related to the charitable operations and principal activities and also finances of the Company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The Board has established an Audit and Risk Committee to champion the identification and management of the significant risks faced by the organisation. It meets 4 times per year. The terms of reference from the Board provide appropriate delegated powers to the Audit and Risk Committee to fulfil this responsibility. Matters of significance at individual academies are escalated through appropriate procedures to this Committee.

Objectives and Activities

Objects and Aims

The Kemnal Academies Trust operates a network of Academies providing high quality publicly funded education for the benefit of students in their respective communities. The directors 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 life chances. 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.

Achievements and Performance

TKAT Secondary Results 2013 - Key Stage 4

All but one Academy achieved results above its floor target for attainment, and nine out of twelve secondary academies achieved their best results ever.

Three schools achieved results below estimations, Hylands, Bridgemary and Orchards. The measured attainment dropped due to issues with English controlled assignments being downgraded after external moderation and poor management.

Two previously under-performing schools Havant and Selsey made good progress, Havant increasing its results by 13% and Selsey 10%, Havant achieving above 40% for the first time.

TKAT Primary Results 2013 – Key Stage 2

Key Stage 2 results show that the number of pupils leaving a TKAT Primary School with a level 4 in reading, writing and maths has risen by two percentage points to 65%. Furthermore, an average of 80% of pupils across the academy chain achieved the national average for progress in one or more of these subjects - this is an increase of 15% from 2012.

Key Performance Indicators

The Company closely monitors the exam results at Key Stage 4 and assessed performance at Key Stage 2. Actual performance by academy at KS4 is documented on the website www.tkat.org. Refer to the Improvement table under documents and resources. Other key non-financial monitoring compares pupil numbers on roll and staff performance reviews.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

From a financial aspect the Audit & Risk Committee monitors actual financial results to budget on regular basis on behalf of the Board. In the year just ended, excluding the one off effects of LGPS pension deficits and the transfer of retained reserves arising on academy conversion, the Company delivered an in year surplus of £4m.

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 Company receives a grant of fixed assets in the form of land and buildings, largely from a Local Authority, when an academy converts to the trust and additionally cash grants from the Department for Education for the maintenance and improvement of fixed assets. New assets brought into use in the Trust 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.

During the year to 31 August 2013 the Company received £186 million in restricted funds comprising £106 million of recurring grants for its charitable educational activities and £87 million of fixed assets and £2 million of other restricted income.

In addition some £5 million unrestricted income was received principally from hire of facilities and lettings, catering activities plus voluntary income retained in the school at the point of conversion to an academy.

Expenditure amounted to £111 million in total. Of this total some £108 million was attributable to the Company's charitable activities in undertaking educational operations together with governance costs. The balance of the expenditure £3 million was through the unrestricted funds, principally the costs of generating voluntary income.

At the end of August 2013 the net book value of fixed assets amounted to £201.4 million (2012: £119.3 million). These assets, which predominantly comprise land and buildings, are used exclusively for educational operations and the associated support services to students in the academies.

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 LGPS has been the subject of a number of amendments in recent years. From April 2014 the scheme will base pension entitlement upon career average earnings and provide for revised employee contributions.

Financial and Risk Management Objectives and Policies

The Board has delegated the management of financial and operational risk to the Audit and Risk Committee. This committee meets formally 4 times per annum and conducts a formal review of risks twice per annum. A corporate risk register is maintained that documents and quantifies the risks together with management actions designed to mitigate the effects of any risk should it materialise. The Committee has commissioned further risk management and assurance actions at academy level which allow for the appropriate escalation of significant unique issues to be addressed by the senior management team. The Board has taken steps to mitigate without necessarily eliminating altogether those known risks in a manner that is both efficient and cost effective to the Company.

Principal Risks and Uncertainties

The principal financial risk faced by the Company is that future public funding will not rise in line with the cost

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2013

base giving rise to potential unsustainable deficits within the Company. This risk is mitigated by careful budget planning and where possible securing additional resources to supplement government funding. The principal operational risk faced by the Company is that academic performance and attainment does not meet expectations of the regulator over time. This risk is mitigated by active results monitoring and use of the academy educational support team.

Investment Policy

Surplus cash balances at academy level are swept to a money market overnight 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.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason it has adopted the going concern basis to prepare these accounts.

Public Benefit

The Directors 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. Head office based conferences and workshops are provided to Governors, Head teachers and School Business Managers. In each of the academies, information is channelled via the senior leadership team meetings. Employees are encouraged to familiarise themselves with Ofsted reports, pupil premium funding, sports or additional funding available from the academy website and student progress and attainment statistics when they are made available to the Company.

Equal Opportunities Policy

It is the Company's policy to ensure equality of opportunities are 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.

Charitable donations

The academies within the Trust have raised from the public and given to numerous charitable organisations some £19,000 during the course of the year.

Auditors

In so far as the Directors are aware:

- There is no relevant audit information of which the Company's auditor is unaware, and
- The Directors 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 appoint them will be proposed at the annual general meeting.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Approved by the Board of Directors on 20 December 2013 and signed on its behalf by Paul Allen



Paul Allen
Company Secretary

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GOVERNANCE STATEMENT

Scope of Responsibility

As directors, 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 Directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Officer is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

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

Director	Meetings attended	Out of a possible
John Atkins, Executive Chairman	4	4
Lesley Robins, Director	3	4
James Rouncefield, Director	4	4
Professor Mark Hector, Director	2	4
Peter Wanless, Director	2	4
Thomas Attwood, Director	1	4
Daniel Barber, Director	2	3
Quentin Roper, Director	1	2
Aruna Mehta, Director	1	1
Brendan Hollyer, Director	0	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

The Audit & Risk Committee is also a sub-committee of the main Board of Directors. Its purpose is to oversee the Company's finances and financial performance and also to supervise the Senior Executives' response to the management of risk. Attendance during the year at meetings of the committee was as follows:

Director	Meetings attended	Out of a possible
Thomas Attwood	4	4
Daniel Barber	2	4
John Atkins	2	2
Aruna Mehta	1	1

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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Board of Directors has reviewed the key risks to which the Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Company's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

THE RISK AND CONTROL FRAMEWORK

The Company'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 Directors,
- regular reviews by the Audit & 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 Directors has considered the need for an internal audit function and has decided that the role should be undertaken by a specific internal team employed by the Company. The Directors have appointed Sabrina Bridges, as Responsible Officer. This role includes giving advice on financial matters and through internal audit performing a range of internal control checks on the Company's financial and operational systems. Internal control reports are delivered in writing to the Headteacher and Chair of Governance/Chair of Finance at each academy. The Responsible Officer reports the findings of the internal audit team to the Audit and Risk Committee on a termly basis. A recurring weakness of internal control will be escalated to the Principal Finance Officer and Chair of Audit and Risk with consequential actions taken to mitigate the risks.

REVIEW OF EFFECTIVENESS

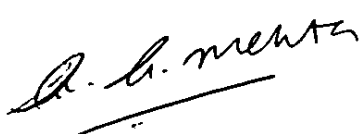
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- the work of the Responsible Officer and internal audit team,
- the work of the external auditors,
- the work of the Principal Finance Officer and maintenance of the internal control framework
- the development of an annual self-assessment at each academy under the control of the headteacher

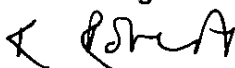
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on ~~30 December 2013~~ and signed on their behalf, by

Aruna Mehta
Chair of Audit & Risk Committee



Karen Roberts
Accounting Officer



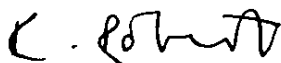
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Kemnal Academies Trust I have considered my responsibility to notify the Company Board of Directors 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 Company and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the Company Board of Directors are able to identify any material, irregular or improper use of funds by the Company, or material non-compliance with the terms and conditions of funding under the Company's funding agreement and the Academies Financial Handbook (2012)

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date



Karen Roberts, Chief Executive
Accounting Officer

THE KEMNAL ACADEMIES TRUST
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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

The Directors (who act as governors of The Kemnal Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' 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 Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to

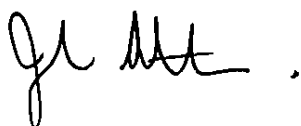
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 Directors 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 Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Directors 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 Directors on 20 December 2013 and signed on its behalf by



John Atkins, Executive Chairman
Executive Chairman

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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 2013 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 2013 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the directors of the charitable Company 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 Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the charitable Company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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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 Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Thomas Ward

Thomas Ward, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Date *30th December 2013*

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**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 24 August 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, 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 2012 to 31 August 2013 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 the 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 the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Kemnal Academies Trust and the 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 funding agreement with the Secretary of State for Education dated 31 August 2010, and the Academies Financial Handbook extant from 1 September 2012, 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 2013. 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 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

- Reviewing minutes of meetings, management accounts and made enquiries of management
- Performing sample testing of expenditure ensuring items are for the academy's purposes and are appropriately authorised
- Sample testing on credit card expenditure, review for any indication of purchases for personal use by staff, Head or Governors
- Reviewing the procedures for identifying and declaring related parties and other business interests
- Obtaining formal representation from the governing body and accounting officer acknowledging their responsibilities

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)

- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made 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 obtained 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 2012 to 31 August 2013 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
150 Aldersgate Street
London
EC1A 4AB

Date *30th December 2013*

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
	Note					
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income- transfer from Local Authority on conversion	2	2,667	(8,543)	87,225	81,349	35,199
Other voluntary income	2	122	603	-	725	117
Activities for generating funds	3	2,398	1,174	-	3,572	2,332
Investment income	4	-	98	-	98	41
Incoming resources from charitable activities	5	-	101,355	4,435	105,790	56,173
TOTAL INCOMING RESOURCES		5,187	94,687	91,660	191,534	93,862
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income	6	2,229	1,277	-	3,506	1,873
Charitable activities	8	92	95,720	9,674	105,486	54,443
Governance costs	7	-	2,072	-	2,072	1,170
TOTAL RESOURCES EXPENDED	9	2,321	99,069	9,674	111,064	57,486
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		2,866	(4,382)	81,986	80,470	36,376

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Transfers between Funds	19	-	(216)	216	-	-
NET INCOME FOR THE YEAR		2,866	(4,598)	82,202	80,470	36,376
Actuarial gains and losses on defined benefit pension schemes		-	(722)	-	(722)	(1,616)
NET MOVEMENT IN FUNDS FOR THE YEAR		2,866	(5,320)	82,202	79,748	34,760
Total funds at 1 September 2012		1,559	(6,511)	119,682	114,730	79,970
TOTAL FUNDS AT 31 AUGUST 2013		4,425	(11,831)	201,884	194,478	114,730

All activities relate to continuing operations

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

The notes on pages 20 to 54 form part of these financial statements

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

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Tangible assets	16		201,413	119,333
CURRENT ASSETS				
Debtors	17	4,587		2,889
Cash at bank and in hand		16,299		7,795
		<u>20,886</u>		<u>10,684</u>
CREDITORS: amounts falling due within one year	18	(8,008)		(5,256)
NET CURRENT ASSETS			<u>12,878</u>	<u>5,428</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>214,291</u>	<u>124,761</u>
Defined benefit pension scheme liability			<u>(19,813)</u>	<u>(10,031)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>194,478</u></u>	<u><u>114,730</u></u>
FUNDS OF THE ACADEMY				
Restricted funds				
Restricted funds	19	7,982		3,520
Restricted fixed asset funds	19	201,884		119,682
Restricted funds excluding pension liability		<u>209,866</u>		<u>123,202</u>
Pension reserve		<u>(19,813)</u>		<u>(10,031)</u>
Total restricted funds			<u>190,053</u>	<u>113,171</u>
Unrestricted funds	19		<u>4,425</u>	<u>1,559</u>
TOTAL FUNDS			<u><u>194,478</u></u>	<u><u>114,730</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 20 December 2013 and are signed on their behalf, by


Aruna Mehta
Chair of Audit & Risk Committee


John Atkins
Executive Chairman

The notes on pages 20 to 54 form part of these financial statements

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	2013 £000	2012 £000
Net cash flow from operating activities	21	1,397	214
Returns on investments and servicing of finance	22	98	41
Capital expenditure and financial investment	22	4,342	1,806
Acquisitions and disposals	22	2,667	1,352
INCREASE IN CASH IN THE YEAR		8,504	3,413

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013

	2013 £000	2012 £000
Increase in cash in the year	8,504	3,413
MOVEMENT IN NET FUNDS IN THE YEAR	8,504	3,413
Net funds at 1 September 2012	7,795	4,382
NET FUNDS AT 31 AUGUST 2013	16,299	7,795

The notes on pages 20 to 54 form part of these financial statements

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. 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 2013 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 Company at the discretion of the Directors.

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

Restricted general funds comprise all other restricted funds received 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 Company 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 Company 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 Company is recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Company 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 Company's policies.

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

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

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

All 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 Company's educational operations.

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

1.5 Going concern

The Directors 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 Company to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

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 Company'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.

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	1% - 10%
L/Term Leasehold Property	-	2% - 25%
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

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

In respect of PFI contracts where risk and rewards have transferred to the Company the arrangement is treated as a finance lease and the asset recognised within fixed assets and the liability recorded as a creditor. In all other cases the arrangement is recognised as an operating lease

1.9 Taxation

The Company 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 Company 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 Company 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 Company

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Company 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 Company 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 KEMNAL ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Company 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.

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 and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Schools to an 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.

2. VOLUNTARY INCOME

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Donated Assets from predecessor school	-	87,225	87,225	35,834
Predecessor school surplus	2,667	-	2,667	1,352
Predecessor school LGPS deficit	-	(8,543)	(8,543)	(1,987)
Voluntary income- transfer from Local Authority on conversion	2,667	78,682	81,349	35,199
Donations	-	443	443	115
Sponsorship	-	160	160	2
Government grants	122	-	122	-
Subtotal	122	603	725	117
Voluntary income	2,789	79,285	82,074	35,316

THE KEMNAL ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Hire of facilities	1,097	-	1,097	393
Letting	429	-	429	283
Academy's shop	299	-	299	57
Trips and Activities	-	1,174	1,174	777
Catering Income	550	-	550	329
Other income	23	-	23	493
	<u>2,398</u>	<u>1,174</u>	<u>3,572</u>	<u>2,332</u>

4. INVESTMENT INCOME

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Bank interest	-	98	98	41
	<u>-</u>	<u>98</u>	<u>98</u>	<u>41</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
DfE/EFA grants				
Dfe/ EFA Capital Devolved grant	-	4,435	4,435	4,332
General Annual Grants (GAG)	-	89,743	89,743	47,567
Start-up	-	740	740	399
Other DfE/ EFA grants	-	7,056	7,056	2,254
Local authority grants	-	3,816	3,816	1,621
	<u>-</u>	<u>105,790</u>	<u>105,790</u>	<u>56,173</u>

THE KEMNAL ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

6. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Trips and Activities	-	1,277	1,277	844
Shop	286	-	286	75
Catering	1,634	-	1,634	753
Voluntary income staff costs	309	-	309	201
	<u>2,229</u>	<u>1,277</u>	<u>3,506</u>	<u>1,873</u>

7. GOVERNANCE COSTS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Auditor's remuneration	-	69	69	52
Auditor's other services	-	38	38	8
Legal and Professional fees	-	1,965	1,965	1,110
	<u>-</u>	<u>2,072</u>	<u>2,072</u>	<u>1,170</u>

THE KEMNAL ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
DIRECT COSTS				
Wages and salaries	-	54,524	54,524	27,772
National insurance	-	3,877	3,877	2,150
Pension cost	-	6,937	6,937	3,559
Depreciation	-	5,239	5,239	2,803
Pension interest (see note 15)	-	571	571	331
Educational supplies	-	3,264	3,264	1,480
Examination fees	-	1,169	1,169	928
Staff development	-	355	355	207
Educational Consultancy	-	499	499	422
Other direct costs	-	152	152	52
	-	76,587	76,587	39,704
SUPPORT COSTS				
Wages and salaries	92	7,590	7,682	3,860
National insurance	-	432	432	236
Pension cost	-	1,383	1,383	287
Recruitment and support	-	224	224	116
Maintenance of premises and equipment	-	6,719	6,719	2,978
Furniture and equipment	-	2,232	2,232	2,053
ICT Equipment and licences	-	2,593	2,593	1,679
Cleaning	-	124	124	75
Rent & rates	-	2,431	2,431	1,214
Utilities	-	2,381	2,381	1,085
Insurance	-	1,080	1,080	434
Printing, postage, Stationery	-	515	515	194
Security & transport	-	197	197	127
Bank interest and charges	-	36	36	16
Other support costs	-	870	870	385
	92	28,807	28,899	14,739
	92	105,394	105,486	54,443

THE KEMNAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

9. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £000	Depreciation 2013 £000	Other costs 2013 £000	Total 2013 £000	Total 2012 £000
Costs of generating voluntary income	309	-	3,197	3,506	1,873
Costs of generating funds	309	-	3,197	3,506	1,873
Educational Operations	65,338	5,239	6,010	76,587	39,704
Support costs - Educational Operations	9,497	-	19,402	28,899	14,739
Charitable activities	74,835	5,239	25,412	105,486	54,443
Governance	-	-	2,072	2,072	1,170
	75,144	5,239	30,681	111,064	57,486

10. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2013 £000	2012 £000
Depreciation of tangible fixed assets - owned by the charity	5,239	2,803
Auditors' remuneration	69	52
Auditors' remuneration - non-audit	38	8
Operating leases	4,052	2,858
Loss on disposal of fixed asset	-	9

THE KEMNAL ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

11. STAFF COSTS

Staff costs were as follows

	2013	2012
	£000	£000
Wages and salaries	60,413	31,260
Social security costs	4,316	2,391
Other pension costs (Note 27)	8,348	3,864
	73,077	37,515
Supply teacher costs	1,272	310
Statutory and contractual severance inc compensation payments	795	240
	75,144	38,065

A total of 65 individuals received statutory, contractual or other compensation payments on leaving employment of the Company

The average number of persons (including the senior management team) employed by the Company during the year expressed as full time equivalents was as follows

	2013	2012
	No.	No
Teachers	1,134	670
Administration and support	1,104	436
Management	89	88
	2,327	1,194

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

	2013	2012
	No.	No
In the band £60,001 - £70,000	20	21
In the band £70,001 - £80,000	18	6
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	3	3
In the band £100,001 - £110,000	2	3
In the band £110,001 - £120,000	1	0
In the band £130,000 - £140,000	0	1
	45	35

The highest paid individual earned £114,000 (2012 £130,030)

1 of the above employees participated in the Local Government Pension Scheme During the year ended 31 August 2013, pension contributions for this staff member amounted to £17,360 (2012 £20,238) 39 employees participated in the Teachers' Pension Scheme, pension contributions amounted to £448,272 (2012 £293,335)

THE KEMNAL ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

12. CENTRAL SERVICES

The Company has provided the following central services to its academies during the year

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

The Company charges for these services on the following basis

The 2012/13 flat percentage applied was 1.8% of EFA funding

The actual amounts charged during the year were as follows

	2013 £000
Kemnal Technology College	141
Orchards Academy	50
King Harold School	61
Rainham High School for Girls	132
Welling Academy	158
Debden Park High School	80
East Wickham Primary Academy	41
Hylands School	78
Horizon Primary Academy	13
The Academy, Selsey	49
Smarden Primary School	7
The Bewbush Academy	37
Tangmere Academy	15
Seal Primary Academy	23
Pluckley Church of England Primary School	8
Havant Academy	58
Newlands Primary School	32
Northdown Primary School	31
Salmestone Primary School	37
Cleeve Park School	101
Thomas Bennett Community College	119
Hilltop Primary Academy	29
Broadfield East Junior School	23
Broadfield East Infant School and Nursery	25
Seymour Primary School	36
The Oaks Primary School	27
Portfield Primary Academy	15
Bridgemary School	76
Heybridge Primary Academy	14
Drapers Mills Primary Academy	37
Dame Janet Primary Academy	34
Weyfield Primary Academy	17
Front Lawn Primary Academy	15
	<hr/>
Total	1,619 <hr/>

THE KEMNAL ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

13. DIRECTORS' REMUNERATION AND EXPENSES

In accordance with the Articles of Association, some staff may serve as directors. They receive their remuneration in their capacity as employees of the Company, but no remuneration is paid for acting as a director. Other directors did not receive any fees or remuneration for the performance of their role as directors but were reimbursed expenses necessarily incurred in that role. Related party transactions with Directors and Members are shown in note 29.

During the year travel and subsistence expenses totalling £1,019 (2012: £1,015) were reimbursed to one Director.

14. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Company has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £500,000 on any one claim and the cost for the year ended 31 August 2013 was £2,111 (2012: £2,111).

The cost of this insurance is included in the total insurance cost.

15. OTHER FINANCE INCOME

	2013	2012
	£000	£000
Expected return on pension scheme assets	702	304
Interest cost on pension scheme liabilities	(1,273)	(635)
	(571)	(331)

THE KEMNAL ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

16. TANGIBLE FIXED ASSETS

	Freehold property £000	L/Term Leasehold Property £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2012	64,211	59,183	138	8	123,540
Additions	68	-	-	25	93
Transfer on Conversion	3,782	83,443	-	-	87,225
At 31 August 2013	<u>68,061</u>	<u>142,626</u>	<u>138</u>	<u>33</u>	<u>210,858</u>
Depreciation					
At 1 September 2012	2,629	1,536	38	3	4,206
Charge for the year	1,646	3,554	35	4	5,239
At 31 August 2013	<u>4,275</u>	<u>5,090</u>	<u>73</u>	<u>7</u>	<u>9,445</u>
Net book value					
At 31 August 2013	<u>63,786</u>	<u>137,536</u>	<u>65</u>	<u>26</u>	<u>201,413</u>
At 31 August 2012	<u>61,582</u>	<u>57,646</u>	<u>101</u>	<u>4</u>	<u>119,333</u>

The land and buildings transferred over from the Schools that converted during the year were valued in accordance with the RICS Valuation Standards Global and UK by DVS Property Specialist
The buildings are considered as specialised property and have been valued to existing use, using a depreciated replacement cost approach

17. DEBTORS

	2013 £000	2012 £000
Trade debtors	149	203
Other debtors	3,615	2,407
Prepayments and accrued income	823	279
	<u>4,587</u>	<u>2,889</u>

**18. CREDITORS:
Amounts falling due within one year**

	2013 £000	2012 £000
Trade creditors	2,442	868
EFA Creditor inc abatement of GAG and deficit on transfer	1,118	-
Taxation and social security	2,462	1,303
Other creditors	91	2,122
Accruals and deferred income	1,895	963
	<u>8,008</u>	<u>5,256</u>

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18. CREDITORS:
Amounts falling due within one year (continued)

Deferred Income

	2013
	£000
Deferred Income at 1 September 2012	420
Resources deferred in the year	138
Amounts released from previous year	(420)
Deferred Income at 31 August 2013	138

At the balance sheet date the academy trust was holding funds received in advance for the Childrens Centre at Tangmere Primary Academy and funds relating to growth and SEN for Bewbush Academy

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

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
General Funds - all funds	1,559	5,187	(2,321)	-	-	4,425
Restricted funds						
General Annual Grant (GAG)	2,626	101,355	(97,239)	(216)	-	6,526
Other Income	506	98	(36)	-	-	568
Voluntary Funds	388	1,777	(1,277)	-	-	888
Pension reserve	(10,031)	(8,543)	(517)	-	(722)	(19,813)
	(6,511)	94,687	(99,069)	(216)	(722)	(11,831)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	348	-	-	123	-	471
DfE/ EFA Capital Grants	2,930	4,435	(4,435)	93	-	3,023
Donation	116,404	87,225	(5,239)	-	-	198,390
	119,682	91,660	(9,674)	216	-	201,884
Total restricted funds	113,171	186,347	(108,743)	-	(722)	190,053
Total of funds	114,730	191,534	(111,064)	-	(722)	194,478

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

Notes

- (i) General Annual Grant must be used for the normal running costs of the Company
- (ii) Other income carried forward forward consists of the LTA Fund and School Sports Partnership
- (iii) Voluntary Funds consist of income received from pupils for specific trips and activities
- (iv) 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 Company was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

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19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2013 were allocated as follows

	Total £000
Kemnal Technology College	917
Orchards Academy	399
King Harold School	1,351
Rainham School for Girls	588
Welling School	736
Debden Park High School	1,402
East Wickham Primary Academy	444
Hylands School	912
Horizon Primary	221
The Academy, Selsey	412
Smarden Primary School	47
Bewbush Academy	178
Tangmere Academy	67
Seal Primary	79
Pluckley Church of England Primary School	70
Havant Academy	511
Newlands Primary School	74
Northdown Primary School	101
Salmestone Primary School	188
Cleeve Park School	107
Thomas Bennett Community College	865
Hilltop Primary Academy	523
Broadfield East Junior School	84
Broadfield East Infants School and Nursery	325
Seymour Primary School	215
The Oaks Primary School	532
Portfield Primary Academy	46
Bridgemary School	226
Heybridge Primary Academy	111
Drapers Mills Primary Academy	277
Dame Janet Primary Academy	217
Weyfield Primary Academy	74
Front Lawn Primary Academy	137
The Kemnal Academies Trust	(29)
Total before fixed asset fund and pension reserve	12,407
Restricted fixed asset fund	201,884
Pension reserve	(19,813)
Total	194,478

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19. 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	4,025	617	127	1,164	5,933
King Harold School	2,060	325	85	2,063	4,533
Orchards Academy	1,815	305	68	1,289	3,477
Rainham School for Girls	5,351	838	344	1,677	8,210
Welling School	6,084	645	255	2,665	9,649
Debden Park High School	3,301	370	88	2,324	6,083
East Wickham Primary Academy	1,526	170	87	571	2,354
Hylands School	3,242	703	95	1,115	5,155
Horizon Primary Academy	528	88	58	227	901
The Academy, Selsey	1,988	402	148	1,801	4,339
Smarden Primary School	239	36	9	109	393
Pluckley Church of England School	433	78	13	139	663
Havant Academy	2,290	724	225	963	4,202
Seal Primary Academy	930	151	96	259	1,436
Tangmere Primary Academy	702	79	105	214	1,100
Bewbush Academy	1,470	216	93	668	2,447
Newlands Primary School	1,316	290	46	424	2,076
Northdown Primary School	1,259	178	63	269	1,769
Salmestone Primary School	1,397	202	84	418	2,101
Drapers Mills Primary Academy	1,180	259	64	387	1,890
Dame Janet Primary Academy	1,490	223	77	659	2,449
Thomas Bennett Community College	5,719	410	160	1,678	7,967
Hilltop Primary Academy	1,088	127	55	362	1,632
The Oaks Primary School	1,040	270	71	485	1,866
Broadfield East Junior School	1,016	140	31	212	1,399
Broadfield East Infants School and Nursery	969	99	32	284	1,384
Front Lawn Primary Academy	516	160	15	220	911
Bridgemary school	3,130	714	317	894	5,055
Cleeve Park School	3,938	492	163	1,515	6,108
Heybridge Primary School	492	143	10	305	950
Seymour Primary School	1,579	123	66	415	2,183
Portfield Primary Academy	675	95	76	312	1,158
Weyfield Primary Academy	748	114	38	333	1,233
The Kemnal Academies Trust	1,574	55	-	1,190	2,819
	<u>65,110</u>	<u>9,841</u>	<u>3,264</u>	<u>27,610</u>	<u>105,825</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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SUMMARY OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General funds	1,559	5,187	(2,321)	-	-	4,425
Restricted funds	(6,511)	94,687	(99,069)	(216)	(722)	(11,831)
Restricted fixed asset funds	119,682	91,660	(9,674)	216	-	201,884
	<u>114,730</u>	<u>191,534</u>	<u>(111,064)</u>	<u>-</u>	<u>(722)</u>	<u>194,478</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Tangible fixed assets	-	-	201,413	201,413	119,333
Current assets	4,425	15,990	471	20,886	10,684
Creditors due within one year	-	(8,008)	-	(8,008)	(5,256)
Provisions for liabilities and charges	-	(19,813)	-	(19,813)	(10,031)
	<u>4,425</u>	<u>(11,831)</u>	<u>201,884</u>	<u>194,478</u>	<u>114,730</u>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £000	2012 £000
Net incoming resources before revaluations	80,470	36,376
Returns on investments and servicing of finance	(98)	(41)
Donation of buildings and equipment	(87,225)	(35,834)
Transfer of cash on conversion	(2,667)	(1,352)
Transfer in of pension scheme liability	8,543	1,987
Depreciation of tangible fixed assets	5,239	2,804
Capital grants from DfE	(4,435)	(4,332)
FRS 17 pension finance costs	571	331
FRS17 pension costs less contributions payable	(54)	(185)
Increase in debtors	(1,698)	(1,435)
Increase in creditors	2,751	1,895
Net cash inflow from operations	<u>1,397</u>	<u>214</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

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

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest paid	98	41
	2013 £000	2012 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(93)	(2,517)
Sale of tangible fixed assets	-	(9)
Capital grants from DfE	4,435	4,332
Net cash inflow capital expenditure	4,342	1,806
	2013 £000	2012 £000
Transfers on Conversion to Academy		
Surplus cash on Local Authority funds	2,667	1,352

23 ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £000	Cash flow £000	Other non-cash changes £000	31 August 2013 £000
Cash at bank and in hand	7,795	8,504	-	16,299
Net funds	7,795	8,504	-	16,299

24. CONVERSION TO AN ACADEMY TRUST

During the year the following Schools converted to academy trust 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

Academy Name (Conversion date)

The following Schools transferred at 1 September 2012

Northdown Primary School
Salmestone Primary School
Newlands Primary School
Hilltop Primary School
Broadfield East Junior School
Broadfield East Infants School and Nursery
Seymour Primary School
The Oaks Primary School
Portfield Primary Academy
Bridgemary School

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Thomas Bennett Community College
Cleeve Park School

The following Schools transferred at 1 December 2012

Heybridge Primary Academy
Dame Janet Primary Academy
Drapers Mills Primary Academy

Weyfield Primary Academy transferred at 1 February 2013

The following Schools transferred at 1 April 2013

Front Lawn Primary Academy
East Wickham Junior School

East Wickham Infant School expanded the age range at 1 April 2013 and changed the name to East Wickham Primary Academy to incorporate the pupils from East Wickham Junior School which closed on 31 March 2013

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 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	-	-	85,656	85,656
Budget surplus/(deficit) on LA funds	2,667	-	-	2,667
LGPS pension surplus/(deficit)	-	(8,543)	-	(8,543)
Net assets/(liabilities)	<u>2,667</u>	<u>(8,543)</u>	<u>85,656</u>	<u>79,780</u>

25. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Company is required either to re-invest the proceeds or to repay to the Department for Education (DfE) the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the DfE.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Company serving notice, the Company shall repay to the Secretary of State sums determined by reference to

- (a) the value at the time of the Company's site and premises and other assets held for the purpose of the Company and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

26. CAPITAL COMMITMENTS

At 31 August 2013 the Company had capital commitments as follows

	2013	2012
	£000	£000
Contracted for but not provided in these financial statements	1,321	1,908

27. OPERATING LEASE COMMITMENTS

At 31 August 2013 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2013	2012	2013	2012
	£000	£000	£000	£000
Expiry date:				
Within 1 year	-	-	410	137
Between 2 and 5 years	-	-	386	740
After more than 5 years	3,775	2,599	-	1

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

Welling PFI annual commitment is based on RPI each year. The annual commitment included in the disclosure is based on estimated RPI changes from April 2013 to April 2014.

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28. PENSION COMMITMENTS

The Company'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 Local Councils Both are 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 2004 and of the LGPS 31 August 2013

Contributions amounting to £1,212,000 were payable to the schemes at 31 August 2013 (2012 - £526,000) 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) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament 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 under arrangements governed by the above Act

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts First, a standard contribution rate (SCR) was determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004 The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth was assumed to be 1.5% The assumed gross

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rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, The Proposed Final Agreement includes a government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Company has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Company 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 2013 was £3,646,000, of which employers' contributions totalled £2,850,000 and employees' contributions totalled £796,000.

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

There are separate pension valuations for Hampshire County Council, Kent County Council, Bromley County Council, Essex County Council, London Borough of Bexley, West Sussex County Council and Surrey County Council.

Hampshire County Council

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Principal Actuarial Assumptions	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	4.7%	4.7%
Rate of increase for pensions in payment/inflation	2.8%	2.2%
Discount rate for scheme liabilities	4.5%	4.2%
Commutation of pensions to lump sums	25% / 75%	

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

		31 August 2013	31 August 2012
Retiring today	Males	24	23.9
	Females	25	24.9
Retiring in 20 years	Males	25.7	25.6
	Females	26.9	26.8

The academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
		£'000		£'000
Equities	8%	1,242	7.5%	374
Bonds	3.4% - 4.1%	549	2.5% - 3.2%	200
Property	7%	157	7%	55
Other	0.9% & 7.9%	103	1.3% & 7.5%	59
Total market value of assets		2,051		688
Present value of scheme liabilities		(3,517)		(1,219)
Deficit in the scheme		<u>(1,466)</u>		<u>(531)</u>

The actual return on scheme assets was £147,000 (2012 £8,000)

Amounts recognised in the statement of financial activities

	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	153	56
Past service cost	0	0
Total operating charge	<u>153</u>	<u>56</u>
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	(63)	(16)
Interest on pension liabilities	84	22
Pension finance income/(costs)	<u>21</u>	<u>6</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £192,000 loss (2012 £67,000).

Movements in the present value of defined benefit obligations were as follows

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	2013	2012
	£'000	£'000
At 1 September	1,219	1,066
Transfer in of scheme obligations	1,841	0
Current service cost	153	56
Interest	84	22
Employee contributions	49	17
Actuarial (gain)/loss	209	59
Benefits paid	(38)	0
Curtailment and settlements	0	(1)
At 31 August	<u>3,517</u>	<u>1,219</u>

Movement in the fair value of academy's share of scheme assets

	2013	2012
	£'000	£'000
At 1 September	688	0
Transfer in of scheme assets	1,054	608
Expected return on assets	63	16
Actuarial gain/(loss)	84	(8)
Employer contributions	151	56
Employee contributions	49	17
Benefits paid	(38)	(1)
At 31 August	<u>2,051</u>	<u>688</u>

The history of experience adjustments is as follows

	2013	2012
	£'000	£'000
Present value of defined benefit obligations	(3,517)	(1,219)
Fair value of share of scheme assets	<u>2,051</u>	<u>688</u>
Deficit in the scheme	<u>(1,466)</u>	<u>(531)</u>
Experience adjustments on share of scheme assets		
Amount of £'000	84	0
Experience adjustments on scheme liabilities		
Amount of £'000	0	0

Kent County Council

Principal Actuarial Assumptions

	At 31 August	At 31 August
	2013	2012
	£'000	£'000
Rate of increase in salaries	5 10%	4 10%
Rate of increase for pensions in payment/inflation	2 90%	1 90%
Discount rate for scheme liabilities	4 70%	3 90%
Commutation of pensions to lump sum	3%	

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

		At 31 August	At 31 August
		2013	2012
Retiring today	Males	20 4	20 - 22 2
	Females	22 1	24 - 26 2
Retiring in 20 years	Males	22 3	22 - 24 4
	Females	26	25 9 - 28 3

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000	Expected return at 31 August 2012	Fair value at 31 August 2012 £'000
Equities	6.60%	3,444	5.8% - 5.9%	1,310
Bonds	3.50% & 4.40%	574	2.8% - 3.9%	262
Property	4.60%	383	3.90%	186
Other	5.50%	382	4.40%	110
Total market value of assets		4,783		1,868
Present value of scheme liabilities - funded		(12,207)		(4,436)
Deficit in the scheme		(7,424)		(2,568)

The actual return on scheme assets was £538,000 (2012 £124,000)

Amounts recognised in the statement of financial activities

	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	768	271
Past service cost	0	0
Total operating charge	768	271
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	(188)	(93)
Interest on pension liabilities	395	176
Pension finance income/(costs)	207	83

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,143,000 loss (2012 £524,000).

Movements in the present value of defined benefit obligations were as follows.

	2013 £'000	2012 £'000
At 1 September	4,436	2,819
Transfer in of scheme obligations	5,073	447
Current service cost	768	271
Interest	395	176
Employee contributions	213	90
Actuarial (gain)/loss	1,435	673
Benefits paid	(113)	(61)
Past service cost	0	0
Curtailments and settlements	0	21
At 31 August	12,207	4,436

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Movements in the fair value of academy's share of scheme assets.

	2013 £'000	2012 £'000
At 1 September	1,868	1,202
Transfer in of scheme assets	1,461	118
Expected return on assets	188	93
Actuarial gain(loss)	350	72
Employer contribution	816	354
Employee contributions	213	90
Benefits paid	(113)	(61)
At 31 August	<u>4,783</u>	<u>1,868</u>

The history of experience adjustments is as follows

	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(12,207)	(4,436)	(2,819)
Fair value of share of scheme assets	4,783	1,868	1,202
Deficit in scheme	(7,424)	(2,568)	(1,617)
Experience adjustments on share of scheme assets			
Amount of £'000	350	72	35
Experience adjustments on scheme liabilities			
Amount of £'000	0	0	0

Bromley County Council

Principal Actuarial Assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in Salaries	4.7%	4.10%
Rate of increase for pensions in payment/inflation	2.4%	1.90%
Discount rate for scheme liabilities	4.6%	3.90%
Commutation of pensions to lump sums		

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

		At 31 August 2013	At 31 August 2012
Retiring today	Males	23.1	22.2
	Females	26.5	26.2
Retiring in 20 years	Males	25.1	24.4
	Females	28.5	28.3

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000	Expected return at 31 August 2012	Fair value at 31 August 2012 £'000
Equities	7%	1,117	5.80%	767
Bonds	3.4% - 4.4%	242	2.80% - 4%^	163
Property	5.70%	0		0
Other	0.5% - 7%	151	0.50%	29
Total market value of assets		1,510		959
Present value of scheme liabilities		(2,600)		(2,222)
Deficit in scheme		(1,090)		(1,263)

The actual return on scheme assets was £211,000 (2012 £83,000)

Amounts recognised in the statement of financial activities

	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	295	159
Past service cost	0	0
Total operating charge	295	159
Expected return on pension scheme assets	(56)	(50)
Interest on pension liabilities	94	87
Pension finance income/(costs)	38	37

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £83,000 loss (2012 £244,000).

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

	2013 £'000	2012 £'000
At 1 September	2,222	1,522
Current service cost	295	159
Interest	94	87
Employee contributions	72	51
Actuarial (gain)/loss	(83)	418
Benefits paid	0	(15)
Past Service cost		
At 31 August	<u>2,600</u>	<u>2,222</u>

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Movements in the fair value of academy's share of scheme assets.

	2013 £'000	2012 £'000
At 1 September	959	659
Expected return on assets	56	50
Actuarial gain/(loss)	155	33
Employer contributions	268	181
Employee contributions	72	51
Benefits paid		(15)
At 31 August	1,510	959

The history of experience adjustments is as follows

	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(2,600)	(2,222)	(1,522)
Fair value of share of scheme assets	1,510	959	659
Deficit in the scheme	(1,090)	(1,263)	(863)
Experience adjustments on share of scheme assets			
Amount of £'000	155	33	(13)
Experience adjustments on scheme liabilities			
Amount of £'000	0	0	0

London Borough of Bexley

Principal Actuarial Assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in Salaries	3.9%	3.7% - 3.8%
Rate of increase for pensions in payment/inflation	2.4%	2.2% - 2.3%
Discount rate for scheme liabilities	4.5%	4.3% - 4.5%
Commutation of pensions to lump sums	50%	

The current mortality assumptions include sufficient allowance for further improvements in mortality rates. The assumed life expectations on retirement age 65 were

		At 31 August 2013	At 31 August 2012
Retiring today	Males	22.3	22.2
	Females	24.9	24.8
Retiring in 20 years	Males	24.2	24.1
	Females	26.9	26.8

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

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
Equities	7%	2,104	7%	942
Bonds	3.4% - 4.4%	328	2.5% - 3.4%	170
Property	5.7%	295	6%	410
Other	0.5% - 7.0%	558	1%	36
Total market value of asset		3,285		1,558
Present value of scheme liabilities		(5,469)		(2,943)

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**NOTES TO THE FINANCIAL STATEMENTS
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Deficit in scheme	(2,184)	(1,385)
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The actual return on scheme assets was £406,000 (2012 £117,000)

Amounts recognised in the statement of financial activities

	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	391	186
Past service cost	0	0
Total operating charge	391	186
Analysis of pension finance income/(cost)		
Expected return on pension scheme assets	(151)	(74)
Interest on pension liabilities	211	128
Pension finance income/(cost)	60	54

The actuarial gains and losses for the current year are recognised in the statement of financial activities
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £104,000 gain (2012 £30,000 loss)

Movements in the present value of defined benefit obligations were as follows

	2013 £'000	2012 £'000
At 1 September	2,943	2,300
Transfer in of scheme obligations	1,958	0
Current service cost	391	186
Interest	211	128
Employee contributions	122	74
Actuarial (gain)/loss	(40)	297
Benefits paid	(116)	(42)
Past service cost	0	0
Curtailments and settlements	0	0
At 31 August	5,469	2,943

Movements in the fair value of academy's share of scheme assets

	2013 £'000	2012 £'000
At 1 September	1,558	1,173
Transfer in of scheme assets	927	0
Expected return on asset	151	74
Actuarial gain/(loss)	256	44
Employer contributions	387	235
Employee contributions	122	74
Benefits paid	(116)	(42)
At 31 August	3,285	1,558

The history of experience adjustments is as follows

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(5,469)	(2,943)
Fair value of share of scheme assets	3,285	1,558
Deficit in the scheme	(2,184)	(1,385)

Experience adjustments on share of scheme assets	256	44
Amount of £'000		

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Experience adjustments on scheme liabilities
Amount of £'000

0

0

West Sussex County Council

Principal Actuarial Assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	5 10%	4 50%
Rate of increase for pensions in payment/inflation	2 80%	2 20%
Discount rate for scheme liabilities	4 60%	4 10%
Commutation of pensions to lump sums	50%	

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

		At 31 August 2013	At 31 August 2012
Retiring today	Males	22 7	22 7
	Females	24 2	24 2
Retiring in 20 years	Males	24 3	24 3
	Females	26 4	26 4

The academy's share of the assets and liabilities in the scheme and the expected rates of return were.

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
Equities	7%	3,648	5 5%	1,021
Bonds	4%	739	3 4%	237
Property	5%	396	2 8%	14
Other	4%	148	3 7%	126
Total market value of assets		4,931		1,398
Present value of scheme liabilities		(8,362)		(2,649)
Deficit in scheme		(3,431)		(1,251)

The actual return on scheme assets was £590,000 (2012 £63,000)

The amounts recognised in the statement of financial activities

	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	801	163
Past service cost	0	(47)
Total operating charge	801	116
Analysis of pension finance income/(costs)		
Expected return on pension scheme	(187)	(47)
Interest on pension liabilities	301	77
Pension finance income/(costs)	114	30

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £149,000 gain (2012 £55,000 loss)

Movements in the present value of defined benefit obligations were as follows

2013

2012

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	£'000	£'000
At 1 September	2,649	0
Transfer in of scheme obligations	4,193	2,286
Current service cost	801	163
Interest	301	77
Employee contributions	217	49
Actuarial (gain)/loss	201	74
Benefits paid	0	0
Past service cost	0	0
Curtailments and settlements	0	0
At 31 August	8,362	2,649

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

	2013 £'000	2012 £'000
At 1 September	1,398	0
Transfer in of scheme assets	1,911	1,086
Expected return on assets	187	47
Actuarial gain/(loss)	405	19
Employer contributions	813	197
Employee contributions	217	49
Benefits paid	0	0
At 31 August	4,931	1,398

The history of experience adjustments is as follows

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(8,362)	(2,649)
Fair value of share of scheme assets	4,931	1,398
Deficit in scheme	(3,431)	(1,251)
Experience adjustments on share of scheme assets Amount of £'000	405	19
Experience adjustments on scheme liabilities Amount of £'000	0	0

Essex County Council

Principal Actuarial Assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	4.7%	3.7%
Rate of increase for pensions in payment/inflation	2.9%	1.9%
Discount rate for scheme liabilities	4.6%	3.9%
Commutation of pensions to lump sums		

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

		At 31 August 2013	At 31 August 2012
Retiring today	Males	22.7	22.7
	Females	25.3	25.3
Retiring in 20 years	Males	24.2	24.2
	Females	26.9	26.9

The academy's share of the assets and liabilities in the scheme and the expected rate of return was

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	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
Equities	6.6%	875	6%	391
Bonds	3.5% & 4.4%	229	2.8% & 3.9%	86
Property	5.6%	148	5%	74
Other	0.5% & 4.4%	95	1%	23
Total market value of assets		1,347		574
Present value of scheme liabilities		(5,124)		(3,607)
Deficit in scheme		<u>(3,777)</u>		<u>(3,033)</u>

The actual return on scheme assets was £145,000 (2012 £36,000)

Amounts recognised in the statement of financial activities

	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	337	270
Past service cost	0	0
Total operating charge	337	270
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	(49)	(24)
Interest on pension liabilities	170	145
Pension finance income/(costs)	121	121

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £417,000 loss (2012 £185,000)

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

	2013 £'000	2012 £'000
At 1 September	3,607	2,592
Transfer in of scheme obligations	664	0
Current service cost	337	270
Interest	170	145
Employee contributions	110	94
Actuarial (gain)/loss	328	597
Benefits paid	(92)	(91)
Past service cost	0	0
Curtailments and settlements	0	0
At 31 August	<u>5,124</u>	<u>3,607</u>

Movements in the fair value of academy's share of scheme assets

	2013 £'000	2012 £'000
At 1 September	574	(100)
Transfer in of scheme assets	257	
Expected return on assets	49	24
Actuarial gain/(loss)	96	342
Employer contributions	353	305
Employee contributions	110	94
Benefits paid	<u>(92)</u>	<u>(91)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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At 31 August

1,347	574
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The history of experience adjustments is as follows

	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(5,124)	(3,607)	(259)
Fair value of share of scheme assets	1,347	574	(100)
Deficit in scheme	(3,777)	(3,033)	(359)
Experience adjustments on share of scheme assets			
Amount of £'000	96	342	8
Experience adjustments on scheme liabilities			
Amount of £'000	0	0	0

Surrey County Council

Principal Actuarial Assumptions

**At 31 August
2013**

Rate of increase of salaries	5.10%
Rate of increase for pensions in payment/inflation	2.80%
Discount rate for scheme liabilities	4.60%

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

**At 31 August
2013**

Retiring today	Males	21.9
	Females	24
Retiring in 20 years	Males	23.9
	Females	25.9

The academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	6.60%	239
Bonds	3.90%	54
Property	4.70%	16
Other	3.60%	6
Total market value of assets		315
Present value of scheme liabilities		(756)
Deficit in the scheme		(441)

The actual return on scheme assets was £9,000

Amounts recognised in the statement of financial activities

	2013 £'000
Current service cost (net of employee contributions)	51
Past service cost	0
Total operating cost	51

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Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	(8)
Interest on pension liabilities	18
Pension finance income/(cost)	<u>10</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is an £18,000 loss

Movements in the present value of defined benefit obligations were as follows:
Movement in deficit during the year

	2013
	£'000
1 September	0
Transfer in of scheme obligations	656
Current service cost	51
Interest	18
Employee contributions	13
Actuarial (gain)/loss	18
Benefits paid	0
Curtailment and settlements	0
At 31 August	<u>756</u>

Movements in the fair value of academy's share of scheme assets

	2013
	£'000
At 1 September	0
Transfer in of scheme assets	232
Expected return on assets	8
Actuarial gain/(loss)	0
Employer contributions	62
Employee contributions	13
Benefits paid	0
At 31 August	<u>315</u>

The history of experience adjustments is as follows:

	2013
	£'000
Present value of defined benefit obligations	(756)
Fair value of share of scheme assets	315
Deficit in the scheme	(441)
Experience adjustments on share of scheme assets	
Amount £'000	0
Experience adjustments on scheme liabilities	
Amount £'000	0

Movement in deficit during the year

	2013	2012
	£'000	£'000
At 1 September	10,031	6,299
Transfer of net deficit	8,543	1,987
Current service cost	2,796	1,105

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Net interest / Return on investments	571	331
Past service cost	0	0
Employer contributions	(2,850)	(1,328)
Losses on curtailments	0	21
Actuarial losses	722	1,616
Deficit at 31 August	<u>19,813</u>	<u>10,031</u>

29. RELATED PARTY TRANSACTIONS

Owing to the nature of the Company'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 director has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Company's financial regulations and normal procurement procedures.

Directors and Members received remuneration and employer pension contributions during the year totalling as follows:

	2013	2012
	£'000	£'000
J Atkins	75	75
C Cavanagh	130	125
D Khanna	114	107
C Markham	107	104
B Hollyer	88	29

J Rouncefield received £1,925 for support offered to TKAT acadmies

30. POST BALANCE SHEET EVENTS

After the Balance Sheet date, the following schools converted into academies and joined The Kemnal Academies Trust:

1 September 2013
 Chichester High School for Girls
 Chichester High School for Boys
 The Mill Primary Academy
 Ore Village Primary Academy
 Gray's Farm Primary Academy

Asset valuations for these transferring schools have not yet been undertaken. Surpluses donated by the Local Authority on conversion have yet to be agreed. The value of Education Funding Agency grant for the coming year in aggregate amounts to £14m.