

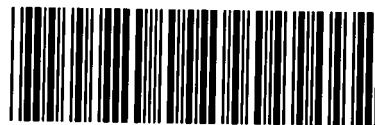
**The Kemnal  
Academies Trust**

**Annual Report and Financial  
Statements**

31 August 2018

Company Limited by Guarantee  
Registration Number  
07348231 (England and Wales)

THURSDAY



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COMPANIES HOUSE

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## Reference and administrative information

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**Members** Raymond Vooght  
Daniel Barber  
Quentin Roper\*

*\* Diocesan Member representing The Diocese of Canterbury  
Academy Company Limited*

**Trustees** John Atkins CBE, Chairman  
Dr Karen Roberts, Chief Executive Officer and Accounting Officer  
Peter Baines  
Gaenor Bagley  
Aruna Mehta  
Elaine Thomas

**Company Secretary** Claire Lee

**Company registration number** 07348231 (England and Wales)

**Principal and registered office** Atkins Conference Centre  
Kemnal Technology College  
Sevenoaks Way  
Sidcup  
Kent  
DA14 5AA

<b>Senior Leadership Team</b>	
Chief Executive Officer	Dr Karen Roberts
Deputy Chief Executive Officer	Elizabeth Harrison
Finance Director	Steve Dickman
Director of Business Development	Belinda Clack
Group Director of Learning	Rachel Tizard
HR Director	Cassandra Akintoye

**External auditor** Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

## Reference and administrative information

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**Internal auditor** Crowe UK  
St Brides House  
10 Salisbury Square  
London EC4Y 8EH

**Bankers** Lloyds Bank plc  
177-179 High Street  
Orpington  
Kent  
BR6 0LJ

**Solicitors** Anthony Collins  
134 Edmund Street  
Birmingham  
B3 2ES

**Website** [www.tkat.org](http://www.tkat.org)

The Trustees present their annual report which includes the strategic report together with the audited financial statements of The Kemnal Academies Trust ('TKAT' or 'the Trust') for the year ended 31 August 2018. This annual report serves the purpose of both a Trustees' report and a Directors' report under company law.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### **PRINCIPAL OBJECT**

The principal object of the Trust is the advancement of education for the public benefit in the United Kingdom through the operation of a group of academies. Our ultimate aim is to ensure we drive educational standards through the provision of outstanding teaching, leadership and learning for all. Our leaders focus on pupil progress and attainment, and regularly share knowledge, insight and experience. We believe passionately in the power of collaborative working and actively promote school-to-school support. In 2017/18, TKAT operated 43 academies as noted below (2017: 41 academies):

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Bridgemary School	Orchards Academy
Broadfield Primary Academy	Ore Village Primary Academy
Chichester High School	Pebsham Primary Academy
Cleeve Park School	Pluckley Church of England Primary School
Dame Janet Primary Academy	Portfield Primary School
Debden Park High School	Rainham School for Girls
Drapers Mills Primary Academy	Royal Park Primary Academy
East Wickham Primary School	Salmestone Primary School
Front Lawn Primary Academy	Seal Primary Academy
Gray's Farm Primary Academy	Seymour Primary School
Havant Academy	Shenstone School
Heybridge Primary School	Smarden Primary School
Hilltop Primary School	Stapleford Abbots Primary School
Horizon Primary Academy	Tangmere Primary School
Hylands School	The Academy, Selsey
Kemnal Technology College	The Bewbush Academy
King Harold Business & Enterprise Academy	The Mill Primary Academy
Maldon Primary School	The Oaks Primary School
Miltoncross Academy	Thomas Bennett Community College
Napier Primary School	Welling School
Newlands Primary School	Weyfield Primary Academy
Northdown Primary School	

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### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

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

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

Funding for educational activities is governed by a master funding agreement between the Trust and the Secretary of State for Education formed in March 2013. A second master funding agreement between TKAT and the Secretary of State was signed in September 2016 and all new academies within the Trust now operate under the revised agreement.

### **Members**

The Members of the Trust comprise a Diocesan Member representing The Diocese of Canterbury Academy Company Limited and two additional Members. The names of the Members serving during the period of the report are provided on page 1.

### **Members' liability**

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

### **Trustees**

Details of the Trustees who served during the year and to the date of approval of this report are included in the Reference and Administrative Information on page 1.

### **Trustees', Directors' and Governors' indemnities**

The Trust'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 Trust.

### **Method of recruitment and appointment or election of Trustees**

The articles of association require the appointment of at least three Trustees to the Company. There is no maximum number of Trustees. Members may appoint any number of Trustees, one Trustee can be appointed by the Diocesan Member and the Chief Executive Officer will be a Trustee. The Trustees are able to co-opt up to three Trustees. The Secretary of State has the power to appoint additional and further Trustees. Whilst awaiting agreement of the new articles of association, see below, the Academy and Parent Trustees were not replaced, which would have been elected from the relevant body.

New articles, currently awaiting approval from the DfE, will bring TKAT in line with the current DfE model articles. The new articles place a maximum of six Trustees that can be appointed by the Members, and a maximum of three Trustees co-opted by the existing Board of Trustees. The Members may appoint the Chief Executive Officer as Trustee. The Diocesan Member continues to be able to appoint a Trustee.

The Members and Trustees look for the most appropriate candidates bringing relevant identified skills sets when appointing new Trustees.

### **Trustees' term of office**

The term of office for any Trustee other than the Chief Executive Officer, is four years. Any Trustee may be reappointed. New Trustees are appointed to the Board following a rigorous selection process undertaken by current Trustees and Members.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

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

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

### **Organisational structure**

The Trustees have delegated the day to day management of the Trust to the Chief Executive Officer who is supported by a Senior Leadership Team (SLT), as detailed in the Reference and Administrative Information on page 1. In addition to this, an extended Senior Leadership Team comprising five Regional Executive Directors was established during the 2016/17 year. Both the SLT and extended SLT meet on a regular basis to monitor the educational performance of pupils and the financial and operational performance of the Trust. The Chief Executive Officer is also the Accounting Officer for the Trust.

Local accountability is delegated to each academy Headteacher and each is supported by a Local Governing Body established as a sub-committee of the Board. The Trustees delegate the following functions to the Local Governing Body of each academy:

- Budget ratification;
- Challenge to the academy's Senior Leadership Team;
- Review of budget vs actual expenditure; and
- Review of academic performance.

### **Arrangements for determining remuneration of key management personnel**

The Trustees consider that they, together with the Senior Leadership Team (as set out on page 1), are the Trust's key management personnel. The Chief Executive Officer who is both a Trustee and employee is remunerated for their services to the Trust as an employee.

A dedicated Remuneration & Nominations (R&N) Committee, comprising of Trustees, has been established to assess the annual performance and remuneration of the Chief Executive Officer. Throughout the 2017/18 year, a benchmarking exercise was undertaken by the R&N Committee to effectively measure the level of the Chief Executive Officer's and other members of the Senior Leadership Team's salaries against other similar sized multi-academy trusts (MAT)s. The result of this review assured Trustees that the current salary parameters are reasonable and fairly reflect the size of the Trust.

The Chief Executive Officer is responsible for reviewing the performance and salaries of other members of the Senior Leadership Team. This takes place following an annual performance management review and ensures that salary levels are within current contractual parameters.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Trade union facility time

In accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the following information has been provided in respect of Trust employees involved in Trade Union Facility Time activity.

#### Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
32	30

#### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	14
1% - 50%	17
51% - 99%	0
100%	1

#### Percentage of pay bill spent on facility time

Total cost of facility time	£31,035
Total pay bill	£96,812,455
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.032%

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	27.8%
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#### Related parties and other connected charities and organisations

The Trust shares Members and Trustees with an associated company and is therefore considered to be in control of The Kemnal Consultancy Limited (registration number 06651917). The company is inactive and there has been no trading for the year to 31 August 2018.



## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

Related party transactions between the Trust's key management personnel and other charities, companies or organisations are extensively reviewed and disclosed within these financial statements.

### **Employee involvement**

Where appropriate the Trust consults on matters such as policy, pay, health, safety and welfare with the relevant support staff and teaching trade unions. The Trust provides information to employees generally by way of email, memoranda and the intranet. Central conferences and workshops are provided to Governors, Headteachers and School Business Managers. At each of the academies, information is channelled via the Senior Leadership Team meetings. Employees are encouraged to familiarise themselves with Ofsted reports, available from the academy website and student progress and attainment statistics when they are made available.

### **Equal opportunities policy**

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

### **Disabled persons**

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

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

The Trust's principal object is to advance for the public benefit, education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies by offering a broad and balanced curriculum.

Our key aim is to improve educational standards in all academies within the Trust, to that end, our objectives and activities are geared to achieving that goal. Our strategic action plan not only focuses on the imperative to provide the highest quality and bespoke school to school support to allow each academy to move into their next phase of development, but also to ensure the financial viability of all academies going forward.

### **Objectives, strategies and activities**

It is recognised that true collaboration between academies promotes rapid school improvement. This, coupled with an understanding of the economic outlook for education in the forthcoming years, promotes a need for creative and innovative ways of using a finite resource to ensure academies are to be financially sustainable. With these educational and economic imperatives at the fore, a regional model was implemented during the 2017/18 year to provide the conduit for enhanced collaborative working and to facilitate a shared services model.

## **OBJECTIVES AND ACTIVITIES (continued)**

Each region is led by a Regional Executive Director (RED) supported by a Deputy Regional Executive Director (DRED). These regions have greater opportunities for autonomy and collaboration, while still being firmly a part of the TKAT family. The five REDS are responsible for the entire educational and organisational performance of the academies within their region, whilst collectively ensuring that the Trust is developed and seen as a centre for providing excellence. The DRED's role is to lead the improvement of educational standards, pedagogy and teaching and learning leadership within the region. This structure is closely mirrored by a regional corporate services structure.

Through a strong, embedded philosophy of promoting collaborative working, the regional model has proved successful during the 2017/18 year. Academies have secured financial savings and cost benefits through economy of scale and the Trust's Ofsted grading of Good and Outstanding academies has risen to 75%.

### **Public benefit**

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

## **STRATEGIC REPORT**

### **Achievements and performance**

#### **Growth of the Trust**

On 1 September 2017, two primary schools converted and joined the Trust, Maldon Primary School and Shenstone School. The conversion of Shenstone School, a special school, has brought many benefits to the Trust through its vastly experienced workforce within special education which will support the Trust as it progresses with the opening of its Special Free School during the 2019/20 year.

#### **Secondary academic performance**

Attainment in Maths and English in 2018 was particularly strong for Debden Park and Kemnal Technology College, both of which achieved grade 5+ results above the national average. Support work in the school of most concern in 2017, Welling, resulted in a 16-percentage point rise at grade 5+, demonstrating the Trust's capacity to rapidly improve outcomes at school level. Progress 8 is in its third year of use as a progress measure, with Debden, Rainham, King Harold and The Academy, Selsey showing our strongest Progress 8 performances. As of October 2018, 71% of our secondary schools are graded Good and 14% are graded Outstanding, with only 29% being Good or better at conversion. There are no academies in a category.

This year we have launched our new Secondary Strategy which is aimed at improving outcomes across our secondary schools through standardisation of exam boards, assessment and teaching approaches. Within the strategy we have identified key target schools and linked their development to our Teaching School Alliance, strong practice

## STRATEGIC REPORT (continued)

currently within the Trust, and external expertise. Although this is a long-term strategy, we expect to see rapid improvements in outcomes for our key targeted schools, as we saw with Welling this year.

Secondary Academy	2018 4+ English and Maths * Pre-DfE validation	2018 5+ English and Maths * Pre-DfE validation	SA * C inc Maths and English immediately prior to conversion	Ofsted Grade Aug 18	Ofsted grade immediately prior to conversion	Date of conversion
Bridgemary School	39%	12%	40%	2	3	Sep-12
Chichester High School	56%	32%	74%	1	3	Sep-13
Cleeve Park School	50%	30%	41%	2	3	Sep-12
Debden Park High School	71%	48%	63%	1	4	Apr-11
Havant Academy	39%	19%	22%	2	4	Apr-12
Hylands Academy	43%	22%	37%	3	3	Aug-11
Kemnal Technology College	68%	44%	57%	3	1	Sep-10
King Harold Academy	52%	29%	32%	2	3	Nov-10
Miltoncross Academy	53%	31%	45%	2	3	Nov-14
Orchards Academy	43%	14%	37%	2	3	Nov-10
Rainham School for Girls	61%	28%	46%	2	3	Feb-11
The Academy, Selsey	34%	22%	39%	3	2	Sep-11
Thomas Bennett Community College	39%	19%	50%	3	3	Sep-12
Welling School	57%	30%	51%	3	3	May-11

### Primary academic performance

Over the last year, primaries have continued to move forward and have improved attainment in all areas across Key Stage 2 (KS2). The key attainment measure (reading, writing, maths combined) has increased by 8 percentage points from 2017 results, significantly faster than the national trend. In addition to this, the average rate of progress across KS2 is higher than the national average in all three key measures, significantly so in writing.

44% of our schools had an improvement in attainment of over 10 percentage points from 2017, which is over three times the national improvement. The most significant improvements were Heybridge at +35%, and Front Lawn and Pebsham both at +28%. 44% of our schools also achieved progress figures in the top 25% of schools nationally, with East Wickham, Heybridge, Royal Park and Portfield achieving progress measures in the top 5%.

Ofsted judgements of our schools have continued to improve and, as of October 2018, 76% of our inspected primaries are graded Good or better, compared to just 21% being Good or better at conversion. No schools are in a category. One school inspected under the new Section 8 framework has achieved the 'expected to be Outstanding at the next full inspection judgement.

Support is now targeted at ensuring our remaining schools graded RI (Requires Improvement) reach at least Good by their next inspection, and that newly converted academies are rapidly improved to ensure that they receive a judgement of at least Good when their window for their first inspection opens. In addition to this, for all our schools, development of the wider

## STRATEGIC REPORT (continued)

curriculum is a key area of support for the next two years in order for schools to be graded Outstanding at their next inspection.

Primary Academy	2018 RWM Combined at Age Related Expectation * Pre DfE validation	Level 4+ combined immediately prior to conversion	Ofsted Grade Aug 18	Ofsted grade immediately prior to conversion	Date of conversion
Broadfield Primary Academy	71%	35%	2	3	Sep-12
Dame Janet Primary Academy	64%	60%	2	4\3	Dec-12
Drapers Mills Primary Academy	47%	61%	2	3	Dec-12
East Wickham Primary Academy	73%	72%	2	4	Apr-13
Front Lawn Primary Academy	80%	48%	2	4\2	Apr-13
Grays Farm Primary School	67%	56%	2	4	Sep-13
Heybridge Primary Academy	85%	39%	2	3	Dec-12
Hilltop Primary School	68%	66%	2	3	Sep-12
Horizon Primary Academy	73%	53%	2	3	Sep-11
Maldon Primary School	50%	34%	4	4	Sep-17
Napier Community Primary Academy	52%	71%	3	3	Sep-14
Newlands Primary School	29%	64%	2	3	Sep-12
Northdown Primary School	33%	63%	3	3	Sep-12
Ore Village Primary School	43%	62%	2	3	Sep-13
Pebsham Primary Academy	68%	60%	3	4	Jan-14
Pluckley CofE Primary School	73%	71%	2	2	Apr-12
Portfield Primary Academy	76%	50%	2	3	Sep-12
Royal Park	73%	82%	2	2	Sep-16
Salmestone Primary School	43%	61%	3	3	Sep-12
Seal Primary Academy	60%	62%	2	3	Apr-12
Seymour Primary School	66%	64%	3	2	Sep-12
Smarden Primary School	65%	67%	2	3	Oct-11
Stapleford Abbots Primary Academy	32%	33%	4	4	Aug-17
Tangmere Academy	63%	53%	2	3	Apr-12
The Bewbush Academy	65%	34%	2	3	Apr-12
The Mill Primary Academy	76%	48%	2	3	Sep-13
The Oaks Primary School	60%	89%	2	2	Sep-12
Weyfield Primary Academy	50%	40%	2	2	Feb-13

## SCITT and Teaching School Alliance performance

The Teaching School Alliance (TSA) has embedded the new regional structure over the last year and the role of the TSA Leads in each region is working well. Our CPD (Continuing Professional Development) offer and leadership development continues to give teachers and other staff members the opportunity to enhance their knowledge, understanding and skills. Ambition School Leadership are our National Professional Qualification provider, however we facilitate NPQML (middle leaders), NPQSL (senior leaders) and NPQH (headteachers) ourselves. We have nearly doubled the number of leaders across the Trust that have registered for an NPQ, with over 100 leaders starting a new programme with autumn term. This is good for succession planning in schools and strengthening the quality of leadership. Our retention and movement of leaders across the Trust is above average compared with similar MATs, according to data from the workforce census.

The SCITT (School-Centred Initial Teacher Training) had an extremely successful year 2017/18. Recruitment onto Schools Direct and SCITT training has nearly doubled from the previous year, with 83 starters in September 2018. We are aiming to sustain this in 2018/19 and have invested in a new website and social media campaign that will support our efforts

## STRATEGIC REPORT (continued)

to recruit this year and ensure the long-term sustainability of the regional hubs. 2017/18 also saw the set-up of the three regional hubs. We now have three lead schools, Debden Park High School, Chichester High School and Cleeve Park School, all with viable hubs for delivery of our ITT programme.

Another strength of the SCITT programme is the quality of outcomes secured by our trainees. Quality Assurance shows that this is due to high quality training and pastoral support, as well as a robust recruitment process.

Number / percentage of trainees achieving grade						
Grade	Primary				Secondary	
	Salaried		Unsalariated		Salaried	Unsalariated
1	6	55%	5	45%	6	50%
2	6	86%	1	14%	5	42%
3	0		0		1	100%

Employment rates are consistently excellent as shown below:

Employment	Secondary %			Primary %		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
TKAT School	68	89	76	63	71	67
Non-TKAT, SCITT partner	-	-	4	12	23	11
Non-TKAT, non-SCITT partner	32	11	16	25	6	22
No employment	-	-	4	-	-	-

## Financial performance

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

The Trust may also receive a grant of fixed assets in the form of land and buildings, largely from a Local Authority, when an academy converts to the Trust. Additionally, School Capital Funding (SCF) grants are provided by the Education and Skills Funding Agency for the maintenance and improvement of fixed assets. New assets brought into use in the Trust

**STRATEGIC REPORT** (continued)

for the first time, and identifiable improvements to existing fixed assets, are capitalised at fair value or cost with an equivalent sum transferred to the restricted fixed asset fund. Fixed assets, other than freehold land, are depreciated over their expected useful lives and this charge is applied against the restricted fixed asset fund. Salary payments to teachers and support staff comprise the largest recurring expense of the academies and central support function.

The Trust makes contributions to the Teachers' Pension Scheme (TPS) in respect of teaching staff in the academies. The TPS is a contributory scheme to which teachers are automatically enrolled but is not compulsory. Assets and liabilities are not assigned to individual employers. For staff members other than teachers the Trust makes contributions to the respective Local Government Pension Scheme (LGPS) (which are also multi-employer defined benefit schemes). 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 Trust balance sheet contains the net pension scheme deficit in respect of current and former employees. The existence of a deficit does not mean an immediate liability will become payable. The purpose of the actuarial valuations is to determine a contribution rate for the employer that over the long term will match liabilities and assets. The most recent actuarial valuation of LGPS schemes took place with an effective date of 31 March 2016 with the reports being published during 2016. The LGPS has been the subject of a number of amendments. The most recent change took effect on 1st April 2016 and since that date members have been accruing benefits under the terms of the LGPS 2016 scheme.

The Trust's total income for the year ended 31 August 2018 amounted to £148,559,000 (2017: £141,026,000).

During the year ended 31 August 2018 total expenditure was £148,422,000 (2017: £147,079,000) of which the Trust's expenditure relating to staff costs totalled £105,521,000. This represents a 71% against total expenditure (2017: £100,478,000, 68%).

The net income for the year (before actuarial gains or losses on the defined benefit pension scheme) was £137,000 (2017: loss £6,053,000). The significant loss in 2016/17 was primarily due to the large movement in expenditure resulting from the deficit on the defined benefit pension schemes and high revenue expenditure relating to the portable village and re-build at The Academy, Selsey. Excluding the actuarial gains on the defined benefit pension scheme and the net expenditure attributed to the restricted fixed asset funds, the operational surplus for the year was £2,994,000 (2017: operational loss of £3,184,000).

The Trust held total fund balances at 31 August 2018 of £232,782,000 (2017: £219,363,000). Excluding the actuarial gains or losses on the defined benefit pension scheme, this comprised of £259,673,000 (2017: £253,691,000) in the restricted fixed assets funds, £873,000 (2017: £2,268,000) in the restricted general funds and £8,395,000 (2017: £5,489,000) in unrestricted general funds.

## **STRATEGIC REPORT (continued)**

### **Reserves policy and financial position**

The Board approved the current reserves policy during the 2016/17 financial year, after taking into consideration the Trust's financial position at that time, its future plans and any potential financial risks for both the individual academies and the overall Trust. The key drivers in setting the required levels of reserves were the future income from central government, linked to the uncertainty surrounding the National Funding Formula, the risk of unexpected calls on academy funds, balanced with the current needs of the academies and its pupils. The Trust believes that, wherever possible once the overall reserves target has been met, the funding received in any one year should be used to support the children on roll at that time, unless there is a specific project which will require the accumulation of funding over more than one year.

The Trust therefore considers that the minimum year end revenue reserves should not fall below 5% for secondary academies and 7.5% for primary academies of the following year's General Annual Grant (GAG) less funding linked to PFI and Student Support to meet maternity, staff supply, organisational change, adverse unforeseen changes to national funding, larger than expected maintenance costs or a significant reduction in pupil numbers. Based on the 2018/19 GAG allocations, the Trust should hold no less than £6,389,000 in revenue reserves.

If an academy has a substantial surplus over the agreed level they should have a clear plan for how it will be used to benefit their pupils, for example a long-term capital project. With this in mind, those academies with higher surplus reserves typically also have higher cash balances and therefore support other academies within the Trust that are currently below the required reserves levels for cash flow purposes as and when required.

The reserves policy is not deemed a static policy and in looking at the future three and five year plans, projects, or other spending needs, the identification of these factors might point to a need to increase or reduce the level of reserves and therefore the policy will be reviewed at least annually as part of the Trust's planning processes.

At year end the Trust held reserves of £9,268,000 (2017: £7,757,000) excluding the pension and fixed asset reserve. Of the £9,268,000, the Trust considers its usable revenue reserves for budgetary purposes to be £7,309,000 which satisfies the Trust's own reserves policy.

### **Going concern**

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

### **Investment policy**

A formal Treasury Management and Investments Policy has been drafted during the 2017/18 year and is awaiting Board approval. The purpose of the policy is to set out the processes by

## **STRATEGIC REPORT (continued)**

which the Trustees will meet their duties under the Trust's articles of association and the Academies Financial Handbook issued by the Education & Skills Funding Agency (ESFA) to invest monies surplus to operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed. The policy procedural aim documents how the Trust will invest its surplus cash to ensure that maximum interest returns are consistent with the Trust's risk appetite and achieves a value to be reinvested into services for the benefit of its academies.

### **Fundraising**

Under the provisions of the Charities (Protection and Social Investment) Act 2016, the Trust confirms the following:

- The Trustees acknowledge Charity Commission guidance CC20 and have adopted the six principles within the Trust's fundraising approach. Fundraising efforts are carried out at local academy level and suitable oversight is maintained by the academy senior leadership team.
- Fundraising efforts are predominately led for either the benefit of the individual academy within the Trust or a designated charity for whom the academy is raising charitable donations. Typical fundraising activities include non-uniform days, pupil cake bake sales and seasonal fun days.
- Fundraising is led by some or all of the following parties associated with the academy:
  1. Pupils
  2. Teachers
  3. Parents
  4. Parent, Teacher Association(s)
- Throughout the 2017/18 year, the Trust did not engage with any commercial participators or professional fundraisers.
- The Trustees acknowledge their responsibility to protect the public, including vulnerable people, from unreasonable, intrusive or persistent fundraising approaches.
- There were no fundraising complaints received throughout the 2017/18 year.

### **Funds held as custodian on behalf of others and agency arrangements**

The Trust receives 16-19 bursary payments from the ESFA. The Trust does not recognise this income as its own income and pays out all monies received for its primary purpose to the relevant parties.

### **Principal risks and uncertainties**

The Trustees have assessed the principal risks to which the Trust is exposed, in particular those related to the charitable operations, principal activities and also finances of the Trust, and are satisfied that systems and procedures are in place to mitigate its exposure to major risks. The Board has in place separate, Audit, Finance, and Performance & Risk



## **STRATEGIC REPORT** (continued)

committees to champion the identification and management of significant financial and compliance risks faced by the organisation, with the terms of reference from the Board providing the appropriate delegated powers to the committees allowing them to fulfil their responsibilities. Matters of significance at individual academies are escalated through appropriate procedures to these Committees.

Key areas focused upon and those that pose the largest risks and uncertainties are outlined within the Trust's Strategic Risk Register and are regularly reviewed and updated.

### ***Financial viability***

The Trust is heavily reliant on continued government funding at levels that take account of pay and pension increases and general inflation. The recent government announcement confirming the further delay in the move to a 'Hard National Formula' will have an impact on individual and groups of academies as the per pupil funding increases due to be seen by many, will be delayed. In addition, if unfunded, the recently announced increases to the TPS employer pension contribution rates to take effect from September 2019, would add additional pressure on academy budgets. To ensure individual academies remain financially viable and work within their scarce resources and the approved reserves policy levels, strong support and guidance is provided to academies throughout the financial year, with additional levels of support provided during the budget planning process. Where additional income generation or expenditure efficiencies are not sufficient to set a balanced budget, inevitably recommendations would be made to employ fewer staff at academies.

As the majority of the income received by academies is driven by pupil numbers any continued year on year reductions would have an impact on the academies ability to set a balanced budget. Improving the educational outcomes for pupils and Ofsted judgements of the academies is key to maintaining pupil number levels, alongside increased marketing to ensure large variations in numbers are kept to a minimum.

### ***Educational outcomes***

The risk of academies achieving below floor performance results and/or worsening Ofsted judgements could have an impact on both the financial viability and reputation of the Trust. Mitigating actions include, ensuring accurate assessment data is fully analysed, leadership within academies is fully focused on pedagogy and fully engaged with the implementation of a standardised assessment and tracking system.

A further risk to the educational outcomes for pupils is the inability to recruit and retain high quality teachers within the Trust. The mitigating actions are, to ensure the already successful SCITT programme continues to grow in size and produce a steady intake of newly qualified teachers, to further enhance the training and development offered through the Trust's Teaching School, to provide ongoing professional development plans and opportunities for all levels of staff and continue to work positively with unions in relation to fair and affordable pay awards.

## **STRATEGIC REPORT (continued)**

### ***Other areas considered are***

- Safeguarding and child protection – the Trust has in place child protection, health and safety and disciplinary policies to deliver a safe and secure environment where children can be inspired to learn and thrive.
- Governance and challenge – the academic progress and attainment of children may not meet the expectations of parents and the regulator. This is mitigated by the active involvement of Local Governing Bodies supported by intensive monitoring from the Educational Executive.
- Internal controls – the Trust currently outsources the finance internal audit function to ensure a fully independent view of internal controls with the auditing model being designed to safeguard the Trust's assets and ensure proper accounting records are maintained.
- Liquidity – the Trust may not undertake borrowing without approval of the Secretary of State and so manages its cash resources to meet the needs of the academies.

## **PLANS FOR THE FUTURE**

### **SCITT and Teaching School Alliance**

Looking forward to 2018/19 one of our priorities is to ensure the long-term sustainability of the SCITT. We need to ensure that consistency and quality delivery and support are embedded in the regional structure. We are also aiming to move to a regional hub delivery model for our primary provision, enabling us to increase the number of primary trainees we are able to accept onto the course.

The TSA will continue to focus on strengthening relationships with people and HR, in order to work together to support recruitment and retention of teachers and leaders. The TSA also has an important role to play in the implementation of the Secondary Strategy across the Trust, securing improvements in our secondary academies through targeting school-to-school support, as well as access to high quality CPLD (continued professional and leadership development).


Willow Brook Primary School joined the Trust on 1 September 2018, transferring from the Collaborative Academies Trust. The financial statements for the year ending 31 August 2019, will disclose the assets and liabilities transferred across to the Trust.

**AUDITORS**

Insofar as the Trustees are aware:

- ◆ There is no relevant audit information of which the Trust's auditor is unaware
- ◆ The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees and signed on its behalf by:



John Atkins CBE  
Chairman

Date: 10/12/2018

### **Scope of responsibility**

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

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

### **Governance**

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

<b>Board members</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
John Atkins CBE, Chairman	5	5
Dr Karen Roberts, Chief Executive Officer	5	5
Peter Baines	4	5
Gaenor Bagley	5	5
Aruna Mehta	5	5
Elaine Thomas	4	5

### **Governance review**

As one of the largest Multi-Academy Trusts in the UK, TKAT recognises the need for strong governance at all levels within the organisation. At a corporate level, the Trust regularly reviews the skills of the Board and works to ensure that there is sufficient knowledge and experience to ensure standards are maintained and driven in both the educational and corporate areas.

There have been no changes to the composition of the Board of Trustees this year.

Information from the last skills audit informed the appointment of new Trustees in 2016/17. Specific training, including a detailed induction plan was made available for the newly appointed Trustees, and refresher training for all Trustees on their roles and responsibilities was provided by the legal team in July 2017. This was supported by the provision of updated guidance and regulatory documents as they were released. The Board decided to postpone a formal updated skills audit to 2018/19 to allow the new Trustees to embed in their roles and get fully up to speed with TKAT through meetings with key senior staff and other Trustees.

**Governance review (continued)**

The Board has undertaken informal reviews of skills and composition throughout the year, whilst considering succession planning and any skills gaps. The Board are now looking to appoint an additional Trustee with an education background and continue to seek the right candidate.

The effectiveness of the Board was reviewed during the year, and some changes identified to improve effectiveness and impact. The number and remit of committees has been updated to ensure committees remained focused on appropriate elements of Trustee duties. There have been new Chairs of committees appointed to ensure an appropriate share of responsibilities and knowledge. The work of the committees is considered at each Board meeting, giving Trustees the opportunity to evaluate the impact of and actions taken by the committees. Trustees have also each been allocated a region and have visited the schools and met with key staff to improve their understanding of strengths and challenges specific to the region. The DfE have attended Board and Committee meetings and have shared their views on the effectiveness of the Board.

The format and content of information provided to the Board is continually under review to ensure that is both relevant and easy to understand. Particular work has been undertaken on further enhancing the pack of financial information provided to Trustees. The Trustees remain satisfied that they are getting the information they need in a timely and appropriate manner.

Governance in individual academies is supported by a Trust-wide intranet which covers key areas including Governance as well as access to useful resource materials, guidance and templates. This is continually reviewed and updated to ensure it reflects current good practice and requirements.

Appropriate courses are offered throughout the academic year which are made available to all Trustees and Clerks, including induction courses, and support for individual new Chairs and Clerks.

Structure of local governance is continually reviewed, and where appropriate, has been strengthened by regional models of governance, and Executive Local Governing Bodies overseeing more than one academy.

Local Governing Bodies are encouraged to undertake regular skills audits. All Local Governing Bodies complete an annual impact statement which is published on school websites and reviewed by the Trust Board.

Reviews of governance are undertaken by the Governance Team on request and in the event of weaknesses being identified.

**Audit Committee**

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to support the Board in the discharge of its responsibilities for financial systems and operational controls at both TKAT and all its academies.

**Audit Committee** (continued)

Attendance at meetings in the year was as follows:

<b>Committee member</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Dr Karen Roberts, Chief Executive Officer (observer)	3	4
Aruna Mehta	4	4
John Atkins CBE	4	4
Gaenor Bagley	4	4
Peter Baines, Committee Chair	4	4

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to support the Board in the discharge of its responsibilities for financial scrutiny and oversight.

Attendance at meetings in the year was as follows:

<b>Committee member</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Dr Karen Roberts, Chief Executive Officer (observer)	3	4
Aruna Mehta	4	4
John Atkins CBE	4	4
Gaenor Bagley	4	4
Peter Baines, Committee Chair	4	4

Despite the Board meeting fewer than six times throughout the year, by utilising both the Audit and Finance sub-committees, it is self-assured that effective financial oversight of the Trust was maintained during the 2017/18 year.

The Board has also established two further sub-committees, the Remuneration & Nomination Committee and the Performance & Risk Committee.

The Remuneration & Nomination Committee consists of John Atkins CBE, Aruna Mehta and Elaine Thomas and is responsible for reviewing remuneration and succession planning of the Chief Executive Officer. The Remuneration & Nomination Committee met twice during the 2017/18 financial year.

The Performance & Risk Committee consists of John Atkins CBE, Aruna Mehta, Elaine Thomas, Gaenor Bagley and Dr Karen Roberts and was established to support the Trust in the discharge of its responsibilities to provide a high standard of education in its academies, looking at both educational and financial performance. The Performance & Risk Committee met 5 times during the 2017/18 academic year.

### **Review of value for money**

The Trust continues to seek and deliver efficiencies through the negotiation, and the rationalisation of its supply chain, with both the Trust and individual academies seeing the financial benefits in the 2017/18 financial year. These benefits will increase further into 2018/19 as the regional hub model introduced in September 2017 continues to mature. In addition, to ensure the opportunities of being a large trust with multiple sites are realised, the Trust has employed a procurement lead. Their first key areas to explore being the large expenditure items of catering and educational supplies, and their role will also be a central lead on income generation, with their primary role being the maximisation of new income to the Trust.

Although there were identifiable savings in 2017/18 flowing from the regional and group purchasing work, and the sharing of services across academies, much of the year was spent capturing data and seeking opportunities within the regions. The 2018/19 financial year will see the implementation of plans to share key staff in academies, for example Business Managers, IT and SEN staff. With the regional model continuing to give further opportunities to make efficiencies as this new way of working becomes truly embedded in the Trust, and headteachers become more engaged with working truly collaboratively and the realising of financial benefits that allow more funding to be directed towards the educational experiences and outcomes for their pupils.

As highlighted above, not only has the introduction of the regional hub model allowed academies to share best practice, resources, both educational and back office, and create greater opportunities for school to school support, whilst realising the financial benefits of reduced travel time and costs at the centre, it has also significantly increased opportunities for staff within regions to grow in their careers, that longer term will improve the Trust's staff retention rates.

One of the key successes for the Trust in 2017/18 was its SCITT and Teaching School provisions, although both delivering a surplus to the Trust, the key benefit is the steady annual flow of new teachers into the academies, this massively saves on the cost of recruitment and also the high costs of supply for hard to place teaching subjects. Added to that, new and existing staff have access to an increased range of in-house educational and corporate services training courses and where capacity permits these courses are also being marketed to non-TKAT schools. The benefits of this provision have been that it has reduced the reliance on costly external providers and also generated external income for the Trust. This area is due to increase further into 2018/19, with recruitment onto School Direct and SCITT training nearly doubling from the previous year, to 83 starters in September 2018.

Where academies are struggling with capacity, the Trust has begun to centralise some low-level financial processes, to generate income to the centre and reduce costs within individual academies, this is primarily linked to the purchase ledger and pensions admin.

The Trust continues to use the services of Capita Asset Services to provide leasing and financing advice and this has ensured that leases are verified as fully compliant operating leases, hence avoiding any potentially expensive termination costs, and also some academies have used the option to take up the benefits of their national framework rates for the financing of equipment.

**Review of value for money (continued)**

Other examples of regional and Trust-wide purchasing that have generated cost reductions are as follows:

- The use of a single supplier of annual safeguarding audits to academies within two regions, this is due to be expanded to all academies into the future.
- A full procurement process for the supply of external audit services, as although the long-standing supplier had delivered an excellent service, it was timely to review the service.
- A group contract with TES for the supply of recruitment services, primarily for secondary schools that have historically struggled to recruit various key posts.
- A group contract for all secondary schools with a new web-based performance data solution specifically designed for Multi-Academy Trusts. It provides a top-level analysis of school performance data to support the reporting of Performance Indicators for MATs. This will not only reduce costs but also give robust data with which to challenge individual academies in relation to pupil outcomes and interventions.

One academy has benefited significantly from the lease of two of its outbuildings that were previously unoccupied, with a full review of opportunities to lease existing underutilised buildings on academy sites and areas of land for disposal is currently underway.

In delivering against our key aim, to improve educational standards in all schools within the Trust, we have focused on providing the highest quality and bespoke school to school support to allow each academy to move into their next phase of development. In utilising a combination of high quality central and school-based resources a culture of sharing best practice is being achieved, without the requirement for such a large volume of external consultancy. This has assisted with a reduction in staff turnover and created opportunities for future leaders, both leading to expenditure reductions.

In addition to assisting academies to work within their scarce resources by delivering the above, the Trust has also implemented additional training in three key areas of finance, budgeting, forecasting and cash flow management. Aligned with the training is the rollout of the standardised monthly outturn monitoring tool and cashflow forecasting template.

The Trust has commenced the use of the Integrated Curriculum Financial Planning (ICFP), and academies continue to use the Benchmarking Toolkit. In addition, the sharing of best practice across regions is delivering efficiencies to offset increases to overheads. The current Trust-wide contract for the supply of insurance cover ends at the end of the 2018/19 financial year and as part of the procurement process the RPA will be considered as an alternative option.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the



**The purpose of the system of internal control** (continued)

achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Kemnal Academies Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance Committee of reports which disclose financial performance against the forecasts and 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has engaged Crowe UK as its internal auditor. The internal auditor's role includes giving advice on internal controls and risk mitigation and duly performs a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- A comprehensive internal audit programme including wider financial compliance requirements in addition to the sample-based review and testing of financial systems and controls;
- A rigorous audit report review process ensuring a consistent approach when issuing academies with recommendations;
- An established follow up programme whereby each academy is contacted following their internal audit to offer an opportunity to discuss all findings and recommendations made;

**The risk and control framework (continued)**

- The introduction of small focus groups offering refresher training sessions on internal controls encompassing academy financial systems and procedures;
- Development of new internal training guides and aids following on from the identification of consistent weaknesses highlighted as part of the internal audit programme; and
- On a quarterly basis, the internal auditor reports to the Board of Trustees through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The appointed Internal Auditors conducted audits as per their agreed schedule of work and via the Trust's Group Accountant, reported all findings to the Audit Committee on a termly basis. Any recurring weaknesses of internal control were escalated to the Chair of the Audit Committee, with follow up actions and support structures implemented to mitigate any further risks.

During the period 1 September 2017 to 31 August 2018 there were no material control issues identified.

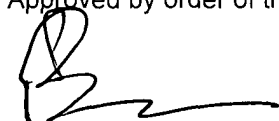
**Review of effectiveness**

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

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

Approved by order of the members of the Board of Trustees and signed on their behalf by:



Peter Baines  
Chair of Audit Committee



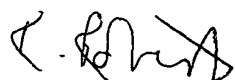
Dr Karen Roberts  
Accounting Officer

Date: 10/12/2018

As Accounting Officer for The Kemnal Academies Trust ('the Trust'), I have considered my responsibility to notify the Trust's Board of Trustees, Audit & Finance Committees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the Funding Agreements in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreements and the Academies Financial Handbook 2017.

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



Dr Karen Roberts  
Accounting Officer

Date: 10/12/2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust'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 Board of Trustees and signed on its behalf by:



John Atkins CBE  
Chairman

Date: 10/12/2018

**Independent auditor's report to the members of The Kemnal Academies Trust**

**Opinion**

We have audited the financial statements of The Kemnal Academies Trust (the 'charitable company') for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

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 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

**Basis for opinion**

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

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

### **Responsibilities of Trustees**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

17 December 2018

**Independent reporting accountants' assurance report on regularity to The Kemnal Academies Trust and The Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Kemnal Academies Trust (the 'Trust') during the year 1 September 2017 to 31 August 2018 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 ESFA 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 ESFA those matters we are required to state in a report 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 ESFA, 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 agreements with the Secretary of State for Education dated 26 March 2013 and November 2016, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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



**Approach** (continued)

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

**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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

17 December 2018

**Statement of financial activities** Year ended 31 August 2018  
(Including Income and Expenditure Account)

	Notes	Unrestricted funds 2018 £'000	Restricted general funds 2018 £'000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
<b>Income from:</b>						
Donations and capital grants	1	566	(1,718)	10,040	8,888	9,005
Charitable activities						
· Funding for the Trust's educational operations	2	982	126,953	—	127,935	124,029
· Teaching School	27	—	752	—	752	466
Other trading activities	3	1,674	174	—	1,848	2,100
Investments and interest receivable	4	—	12	—	12	13
Other sources	5	—	9,124	—	9,124	5,413
<b>Total income and expenditure</b>		<b>3,222</b>	<b>135,297</b>	<b>10,040</b>	<b>148,559</b>	<b>141,026</b>
<b>Expenditure on:</b>						
Charitable activities						
· Trust's educational operations	7	316	134,411	12,897	147,624	146,456
· Teaching School	27	—	798	—	798	623
<b>Total expenditure</b>	6	<b>316</b>	<b>135,209</b>	<b>12,897</b>	<b>148,422</b>	<b>147,079</b>
<b>Net income / (expenditure) before transfers</b>		<b>2,906</b>	<b>88</b>	<b>(2,857)</b>	<b>137</b>	<b>(6,053)</b>
Transfers between funds	17	—	(8,839)	8,839	—	—
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>2,906</b>	<b>(8,751)</b>	<b>5,982</b>	<b>137</b>	<b>(6,053)</b>
Actuarial gains on defined benefit pension scheme	24	—	13,282	—	13,282	13,711
<b>Net movement in funds</b>		<b>2,906</b>	<b>4,531</b>	<b>5,982</b>	<b>13,419</b>	<b>7,658</b>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September 2017		5,489	(39,817)	253,691	219,363	211,705
<b>Total fund balances carried forward at 31 August 2018</b>		<b>8,395</b>	<b>(35,286)</b>	<b>259,673</b>	<b>232,782</b>	<b>219,363</b>

All of the Trust's activities derive from continuing operations during the above two financial periods.

All recognised gains and losses are included in the above statement of financial activities.

# Balance sheet 31 August 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
<b>Fixed assets</b>					
Tangible fixed assets	13		256,122		250,923
<b>Current assets</b>					
Debtors	14	5,722		4,245	
Cash at bank and in hand		17,729		16,608	
		23,451		20,853	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(10,097)		(9,744)	
<b>Net current assets</b>			13,354		11,109
<b>Total assets less current liabilities</b>			269,476		262,032
Creditors: amounts falling due after more than one year	16		(535)		(584)
<b>Net assets excluding pension scheme liabilities</b>			268,941		261,448
Defined benefit pension scheme liabilities	24		(36,159)		(42,085)
<b>Net assets including pension scheme liabilities</b>			232,782		219,363
<b>Funds of the Trust:</b>					
<b>Restricted funds</b>					
. Restricted fixed asset funds	17	259,673		253,691	
. Restricted general funds	17	873		2,268	
. Pension reserve	17	(36,159)		(42,085)	
			224,387		213,874
<b>Unrestricted funds</b>					
. Unrestricted general funds	17		8,395		5,489
<b>Total funds</b>			232,782		219,363

The financial statements on pages 32 to 68 were approved by the Board of Trustees of The Kemnal Academies Trust (Company Registration Number 07348231) and signed on its behalf by:



Peter Baines  
Chair of Audit Committee



John Atkins CBE  
Chairman

Date: 10/12/2018

# Statement of cash flows Year ended 31 August 2018

	Note	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	(4,117)	(4,260)
<b>Cash flows from investing activities:</b>			
Interest received		12	13
Purchase of tangible fixed assets		(9,815)	(2,732)
Capital grants from DfE/ESFA		5,160	6,351
Insurance proceeds for capital items		9,377	3,829
<b>Net cash provided by investing activities</b>		<b>4,734</b>	<b>7,461</b>
<b>Cash transferred on new schools joining the Trust:</b>			
Cash transferred on conversion		566	210
<b>Net cash provided by new schools joining the Trust</b>		<b>566</b>	<b>210</b>
<b>Cash flows from financing activities</b>			
Loan repayments		(62)	(90)
<b>Net cash used in financing activities</b>		<b>(62)</b>	<b>(90)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>1,121</b>	<b>3,321</b>
Cash and cash equivalents as at 1 September 2017		16,608	13,287
<b>Cash and cash equivalents at 31 August 2018</b>	20	<b>17,729</b>	<b>16,608</b>

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

**Basis of preparation of financial statements**

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in Sterling and rounded to the nearest thousand pounds.

**Subsidiary**

The Kemnal Academies Trust shares Members and Trustees with The Kemnal Consultancy Ltd (Company Registered Number 06651917). For the purposes of these accounts, the Trust has not consolidated the results of the subsidiary as their inclusion is not considered material for the purpose of giving a true and fair view.

**Going concern**

In July 2018 the Board of Trustees were presented with both the individual academies and the overall Trust's net reserves position for the coming three years to August 2020. The reserves position included no increases in income linked to the implementation of the National Funding Formula (NFF) and inflationary increases had been applied to all relevant overheads. Staff pay awards were also budgeted at a sustainable, affordable level for all three years, without the need for additional income. The Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that would impact upon these resources. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

**Income**

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

Grants are included in the statement of financial activities 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 (GAG) is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

#### **Income (continued)**

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

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

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

Where assets are received by the Trust on the conversion of a Local Authority maintained school to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants. (See 'conversion to academy trust' below).

Recognition of insurance income has been based on work carried out as at 31 August 2018 and specifically highlighted in the appropriate income note.

#### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is inclusive of irrecoverable VAT.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent.

Expenditure on charitable activities are costs incurred on the Trust's educational operations, including support costs and those costs relating to the governance of the Trust appointed to charitable activities.

#### **Fund accounting**

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

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

#### **Fund accounting (continued)**

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

### **Tangible fixed assets**

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation on the relevant assets is charged directly to the restricted fixed asset funds in the statement of financial activities.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

• Freehold Property	- 1% - 10%
• Long Term Leasehold Property	- 2% - 25%
• Motor vehicles	- 20%
• Fixtures and fittings	- 20%
• Computer equipment	- 25%
• Leasehold Land	- Over the life of the lease

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.

Properties developed under a Private Finance Initiative (PFI) scheme are excluded from the balance sheet where the Trust is not directly party to the PFI agreement itself and rather the local authority has directly contracted with the PFI contractor, and the Trust in turn has contracted with the local authority to make financial contributions in respect of the premises.

### **Fixed asset transfers from predecessor schools**

Where fixed assets are transferred to the Trust 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 an RICS Register Valuer. Land and buildings for which the Trust has the rights and responsibilities of ownership, but which are held under a long-term lease arrangement, are recorded within leasehold buildings. Similarly, for any land and buildings transferred on conversion by a Church body and held under a licence to occupy, the Trust deems that it has adequate control over the land and buildings and these properties are therefore recorded within leasehold buildings.

### **Leases**

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

### **Taxation**

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

### **Cash at bank and in hand**

Cash at bank and in hand includes cash held only.

### **Liabilities and provisions**

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### **Financial instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

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

### **Pensions benefits**

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



#### **Pensions benefits (continued)**

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

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

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

#### **Conversion to an academy trust**

The conversion from a state-maintained school to an academy status involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration to the Trust. The substance of the transfer is that of a gift and it has been accounted for on that basis.

The assets and liabilities transferred on conversion have been valued at their fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised included as a donation - transfer from local authority on conversion in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

#### **Agency arrangements**

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds.

**Critical accounting estimates and areas of judgment**

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

***Critical accounting estimates and assumptions:***

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to the financial statements, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of tangible fixed assets is based on the original cost (or valuation) at the point of recognition net of provision for depreciation. The depreciation provision to date is based on the Trustees' assessment of the estimated useful economic lives of such assets.

***Critical areas of judgment:***

The Trustees have considered the accounting treatment of land and buildings utilised by the Trust, in particular in relation to Pluckley Primary Academy. The leasehold of the land and buildings utilised by the academy is held by the Diocese of Canterbury. A subsequent supplementary agreement has been reached between the Diocese of Canterbury, Secretary of State and the Trust stating that the land is available for the Trust to use for the purpose of operating the school. Whilst the leasehold title to the property used by the academy is not held by the Trust, the Trustees consider that the use of the land and buildings should be recognised in the balance sheet in order to reflect the value of its anticipated continued use. Land and buildings occupied under this arrangement have therefore been recognised in long term leasehold land and buildings. On initial recognition, the valuation of the land and buildings was determined by an expert valuer on an existing use basis.

The Trustees have made the decision to only recognise income in respect of costs incurred to date regarding the rebuild project at The Academy, Selsey. The current estimate of total insurance monies to be received has been disclosed as a contingent asset in the notes to the financial statements.

**1. Income from donations and capital grants**

	Unrestricted funds 2018 £'000	Restricted general funds 2018 £'000	Restricted fixed asset funds 2018 £'000	Total funds 2018 £'000	2017 Total funds £'000
Donations	—	193	215	408	185
DfE / ESFA capital grants	—	—	5,150	5,150	4,358
Other capital grants	—	—	10	10	18
	—	193	5,375	5,568	4,561
Transfer of net assets from Local Authority on conversion (note 22)	566	(1,911)	4,665	3,320	4,444
<b>2018 Total funds</b>	<b>566</b>	<b>(1,718)</b>	<b>10,040</b>	<b>8,888</b>	<b>9,005</b>
<b>2017 Total funds</b>	<b>210</b>	<b>(463)</b>	<b>9,258</b>	<b>9,005</b>	

**2. Income from charitable activities:****Funding for the Trust's educational operations**

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	2018 Total funds £'000	2017 Total funds £'000
<b>DfE/ESFA grants</b>				
General Annual Grants (GAG)	—	108,035	108,035	107,003
Start-up grants	—	163	163	114
Other DfE/ESFA revenue grants	—	11,228	11,228	10,534
	—	119,426	119,426	117,651
<b>Other government grants</b>				
Local authority grants	—	6,302	6,302	4,249
	—	6,302	6,302	4,249
<b>Other funding for the Trust's educational operations</b>				
Trips and activities	—	1,225	1,225	1,266
Catering	982	—	982	863
	982	1,225	2,207	2,129
<b>2018 Total funds</b>	<b>982</b>	<b>126,953</b>	<b>127,935</b>	<b>124,029</b>
<b>2017 Total funds</b>	<b>863</b>	<b>123,166</b>	<b>124,029</b>	

All grants received are used to fulfil the Trust's primary objective. Grant income is duly recognised within the financial statements when the Trust becomes entitled to the grant and not on actual receipt of the monies. Within the Trust, 1 of its 43 academies is funded on an estimated pupil number basis and this academy is subject to annual ESFA pupil number assessment which may result in a funding top up or clawback if applicable.

**3. Income from other trading activities**

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	2018 Total funds £'000	2017 Total funds £'000
Letting	900	—	900	654
Academy's shop	308	—	308	426
Other income	466	174	640	1,020
<b>2018 Total funds</b>	<b>1,674</b>	<b>174</b>	<b>1,848</b>	<b>2,100</b>
2017 Total funds	2,085	15	2,100	

**4. Income from investments and interest receivable**

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	2018 Total funds £'000	2017 Total funds £'000
Bank interest	—	12	12	13
<b>2018 Total funds</b>	<b>—</b>	<b>12</b>	<b>12</b>	<b>13</b>
2017 Total funds	—	13	13	

**5. Income from other sources**

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	2018 Total funds £'000	2017 Total funds £'000
Insurance claims	—	9,124	9,124	5,413
<b>2018 Total funds</b>	<b>—</b>	<b>9,124</b>	<b>9,124</b>	<b>5,413</b>
2017 Total funds	—	5,413	5,413	

Insurance claims income includes insurance monies received of £8.8m (2017: £4.6m) in respect of the rebuild project at The Academy, Selsey following the major fire which occurred in August 2016.

**6. Expenditure**

	Staff costs 2018 £'000	Premises 2018 £'000	Other costs 2018 £'000	Total 2018 £'000	Total 2017 £'000
Educational operation					
· Direct costs (note 7)	84,196	9,224	7,963	101,383	100,777
· Support costs (note 7)	21,325	12,692	13,022	47,039	46,302
<b>2018 Total</b>	<b>105,521</b>	<b>21,916</b>	<b>20,985</b>	<b>148,422</b>	<b>147,079</b>
2017 Total	100,478	20,950	25,651	147,079	

**7. Expenditure on charitable activities:**  
**Trust's educational operations**

	2018 £'000	2017 £'000
<b>Direct costs</b>		
Wages and salaries (including supply staff and restructuring)	67,316	66,635
National insurance	6,444	6,268
Pension contributions	10,436	10,046
Depreciation and impairment	9,224	8,371
Educational supplies	3,446	4,339
Examination fees	1,120	1,179
Staff development	424	552
Educational consultancy	1,738	2,053
Trips and activities	1,235	1,334
	<b>101,383</b>	<b>100,777</b>
<b>Support costs</b>		
Wages and salaries (including supply staff and restructuring)	12,750	11,004
National insurance	1,364	860
Pension contributions	2,845	2,460
Local Government Pension Scheme service and admin cost adjustment	4,366	3,205
Local Government Pension Scheme interest cost	1,079	1,028
Recruitment	352	334
Catering	2,989	2,804
Maintenance of premises and equipment	6,821	9,732
Furniture and equipment	2,895	2,660
ICT Equipment and licences	1,503	1,999
Cleaning	1,323	1,360
Rent and rates	2,907	2,836
Utilities	2,293	2,196
Insurance	820	873
Printing, postage, stationery	369	535
Security and transport	123	109
Bank interest and charges	37	64
Loss on disposal of tangible fixed assets	57	11
Other support costs	1,252	826
Governance costs	894	1,406
	<b>47,039</b>	<b>46,302</b>
	<b>148,422</b>	<b>147,079</b>

Included within maintenance of premises and equipment is expenditure of £1.1m (2017 - £3.3m) relating to costs incurred with the rebuild project at The Academy, Selsey which includes hiring equipment for mobile classrooms. The capital expenditure has been appropriately allocated to the restricted fixed asset funds and is included within tangible fixed assets as an asset under construction. The corresponding income is included as part of the income from other sources (see note 5).

**7. Expenditure on charitable activities:**

**Trust's educational operations (continued)**

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the Trust's activities. These costs will include any employee benefits for Trusteeship, the cost of Trust employees involved in meetings with Trustees, the cost of any administrative support provided to the Trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory financial statements.

**8. Net income / (expenditure)**

	2018 £'000	2017 £'000
<b>This is stated after charging:</b>		
Depreciation and impairment of tangible fixed assets:		
- owned by the Trust	9,224	8,367
Auditors' remuneration – audit and assurance	102	120
Auditors' remuneration - other services	—	24
Loss on disposal of fixed assets	57	11
Operating lease rentals	5,232	5,158

**9. Staff costs**

	2018 £'000	2017 £'000
Wages and salaries	77,138	74,510
Social security costs	7,458	7,075
Pension costs	17,647	15,710
Apprenticeship levy	350	54
	<b>102,593</b>	<b>97,349</b>
Supply teacher costs	2,361	2,775
Staff restructuring costs	567	354
	<b>105,521</b>	<b>100,478</b>
<b>Staff restructuring costs comprise:</b>		
Redundancy payments	378	256
Severance payments	189	98
	<b>567</b>	<b>354</b>

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

	2018 No.	2017 No.
Teachers	1,308	1,268
Administration and support	1,942	1,780
Management	105	81
	<b>3,355</b>	<b>3,129</b>

## 9. Staff costs (continued)

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	33	29
In the band £70,001 - £80,000	13	13
In the band £80,001 - £90,000	6	9
In the band £90,001 - £100,000	7	3
In the band £100,001 - £110,000	3	—
In the band £110,001 - £120,000	2	5
In the band £120,001 - £130,000	2	1
In the band £130,001 - £140,000	1	1
In the band £150,001 - £160,000	—	—
In the band £160,001 - £170,000	—	1
In the band £170,001 - £180,000	1	—

### Non-statutory / non-contractual staff severance payments:

Included within staff restructuring costs are non-statutory/non-contractual severance payments totalling £127,317 (2017: £97,004). Individually, the payments were: £2,000, £2,525, £4,593, £8,000, £8,185, £10,014, £15,000, £19,400, £27,600 and £30,000.

### Key Management Personnel:

The key management personnel of the Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £861,634 (2017: £786,943). The 2017 total amount excludes the HR Director post, which was covered by consultancy.

## 10. Trustees' remuneration and expenses

One Trustee (2017: two Trustees) has been paid remuneration or has received other benefits from an employment with the Trust. The individual only receives remuneration in respect of services provided undertaking the role as academy staff under her contract of employment, and not in respect of her role as a Trustee. The remuneration and other benefits receivable by this individual were as follows:

	2018 £'000.	2017 £'000
John Atkins CBE (Chairman and Trustee)		
. Remuneration	—	75-80
. Employer's pension contribution	—	0-5
Dr Karen Roberts (CEO and Trustee)		
. Remuneration	170-175	160-165
. Employer's pension contribution	25-30	25-30

#### 10. Trustees' remuneration and expenses (continued)

During the year ended 31 August 2018, travel and subsistence expenses totalling £2,371 were reimbursed or paid directly to 4 Trustees (2017: £3,087 to 3 Trustees).

#### 11. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £500,000 on any one claim and the cost for the year ended 31 August 2018 was £2,111 (2017 - £2,111).

#### 12. Central services

The Trust 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;
- Estates, Health and Safety Advice;
- Financial Services including Internal Audit; and
- Legal Services.

The Trust charges individual academies for these services at 3.5% (2017: 3.0%) of the school's GAG funding allocation.

The actual amounts charged for the year were as follows:

	2018 £'000	2017 £'000
Bridgemary School	100	92
Broadfield Primary Academy	83	73
Chichester High School	240	214
Cleeve Park School	168	148
Dame Janet Primary Academy	71	68
Drapers Mills Primary Academy	80	71
Debden Park High School	174	152
East Wickham Primary Academy	96	85
Front Lawn Primary Academy	77	57
Gray's Farm Primary Academy	63	57
Havant Academy	78	68
Heybridge Primary Academy	31	27
Hilltop Primary Academy	74	63
Horizon Primary Academy	32	27
Hylands School	143	115
Kemnal Technology College	120	112
Total carried forward	1,630	1,429



**12. Central services (continued)**

	2018 £'000	2017 £'000
Total brought forward	1,630	1,429
King Harold School	110	102
Maldon Primary School	36	—
Miltoncross Academy	155	132
Napier Community Primary & Nursery Academy	73	60
Newlands Primary School	60	52
Northdown Primary School	62	51
Orchards Academy	91	85
Ore Village Primary Academy	42	41
Pebsham Primary Academy	27	23
Pluckley Church of England Primary School	17	14
Portfield Primary Academy	31	25
Rainham High School for Girls	273	229
Royal Park Primary Academy	56	41
Salmestone Primary School	57	48
Seal Primary Academy	49	41
Seymour Primary School	78	64
Shenstone School	44	—
Smarden Primary School	16	11
Stapleford Abbots Primary Academy	23	2
Tangmere Academy	28	22
The Academy, Selsey	67	59
The Bewbush Academy	81	70
The Mill Primary Academy	57	45
The Oaks Primary School	52	45
Thomas Bennett Community College	183	173
Welling Academy	279	234
Weyfield Primary Academy	56	49
	<b>3,733</b>	<b>3,147</b>

**13. Tangible Fixed Assets**

	Freehold Property £'000	Long-term Leasehold property £'000	Assets under construc- -tion £'000	Computer equipment £'000	Motor Vehicles £'000	Fixture and Fittings £'000	Total £'000
<b>Cost</b>							
At 1 September 2017	71,778	217,062	1,481	994	64	612	291,991
<b>Additions</b>							
· Inherited from Local Authority (note 21)	—	4,665	—	—	—	—	4,665
· Other additions	590	507	7,707	508	32	471	9,815
<b>Disposals</b>	—	(758)	—	(152)	—	—	(910)
At 31 August 2018	72,368	221,476	9,188	1,350	96	1,083	305,561
<b>Depreciation</b>							
At 1 September 2017	11,374	28,997	—	467	52	178	41,068
Charge for the year	1,923	6,739	—	330	15	217	9,224
Released on disposal	—	(705)	—	(148)	—	—	(853)
At 31 August 2018	13,297	35,031	—	649	67	395	49,439
<b>Net book value</b>							
At 31 August 2018	59,071	186,445	9,188	701	29	688	256,122
At 31 August 2017	60,404	188,065	1,481	527	12	434	250,923

**Land**

Where land is owned (or occupied under terms of a long lease), subject to a legally binding restriction as to its use, it is initially recognised at a value determined with a professional valuation which takes account of the restrictions on use.

**Buildings**

In accordance with the requirements of FRS 102, specialist buildings transferred from the predecessor schools are initially recognised at their depreciated replacement cost at the time of the transfer and non-specialised buildings (such as school cottages) are recognised at market value. Depreciation on transferred buildings is charged on a straight-line basis over the estimated remaining useful life.

The Academy, Selsey suffered a major fire in August 2016 which resulted in a large portion of the buildings being lost to fire damage. Further rebuild costs incurred to date have been capitalised during the 2017/18 year and are shown as an asset under construction.

The Trust's transactions relating to land and buildings include:

- The granting of a leasehold of Chichester High School's 'Tim Peake Sports & Conference Centre' for £100,000 per annum over a term of 10 years effective from March 2018.
- The granting of a leasehold of Chichester High School's 'Sixth Form Centre' for £42,500 per annum over a term of 6 years effective from September 2017.

All income received from the above leaseholds has been included within lettings income (see note 3).

**14. Debtors**

	2018 £'000	2017 £'000
Trade debtors	180	359
Other debtors	2,649	1,762
Prepayments and accrued income	815	651
VAT Recoverable	2,078	1,473
	<b>5,722</b>	<b>4,245</b>

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

	2018 £'000	2017 £'000
Trade creditors	2,715	3,312
Taxation and social security	2,319	2,194
ESFA abatement of GAG	69	127
Local Authority creditor	2	136
Loans (see note 16)	117	119
Accruals and deferred income	4,812	3,253
Other creditors	63	603
	<b>10,097</b>	<b>9,744</b>

	2018 £'000	2017 £'000
<b>Deferred income</b>		
Deferred income at 1 September 2017	1,530	1,173
Resources deferred during the year	1,579	1,530
Amounts released from previous years	(1,530)	(1,173)
<b>Deferred income at 31 August 2018</b>	<b>1,579</b>	<b>1,530</b>

Deferred income held at 31 August 2018 largely related to 2018/19 Universal and Infant Free School Meals income payable from the ESFA and local authority income relating to the 2018/19 year.

**16. Creditors: Amounts falling due after more than one year**

	2018 £'000	2017 £'000
Loans	535	584
	<b>535</b>	<b>584</b>

Loans included within short and long-term creditors comprise the following:

- £10,447 from West Sussex County Council which is provided on the following terms; the loan shall be repaid within 9 years and is interest free.
- £91,494 from Bexley County Council which is provided on the following terms; the loan shall be repaid within 10 years and the repayment shall be free of interest unless there is a default on payment in which case interest on the balance outstanding will be at the rate of 4% above the base rate of National Westminster Bank for the time being in force.
- £324,336 from Bexley County Council which is provided on the following terms, the loan shall be repaid by 2029/2030 at an interest rate of 3%.
- £23,549 from Bexley County Council which is provided on the following terms, the loan shall be repaid by 2027/2028 at an interest rate of 3%.
- £45,534 to Salix Finance Limited for an energy efficiency project, the loan will be repaid by 2025/2026 and is interest free.
- £19,231 to Salix Finance Limited for an energy efficiency project, the loan will be repaid by 2022/2023 and is interest free.
- £20,875 to Salix Finance Limited for an energy efficiency project, the loan will be repaid by 2026/2027 and is interest free.

## 17. Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Transfers in/out £'000	Gains/ (Losses) £'000	Balance at 31 August 2018 £'000
<b>Unrestricted funds</b>						
Unrestricted general funds	5,489	3,222	(316)	—	—	8,395
<b>Restricted general funds</b>						
General Annual Grant (GAG)	(35)	108,035	(110,382)	2,751	—	369
Other DfE/ ESFA	—	11,410	(13,933)	2,528	—	5
Voluntary funds	459	1,225	(1,235)	—	—	449
Other government grants	—	6,453	(3,102)	(3,301)	—	50
Other income funds	1,844	10,085	(1,112)	(10,817)	—	0
Pension reserve	(42,085)	(1,911)	(5,445)	—	13,282	(36,159)
	(39,817)	135,297	(135,209)	(8,839)	13,282	(35,286)
<b>Restricted fixed asset funds</b>						
Unspent capital grants	2,768	1,026	(244)	—	—	3,550
DfE/ ESFA capital grants	9,867	4,124	(3,513)	1,142	—	11,620
Donation on conversion	233,085	4,665	(8,909)	—	—	228,841
Other donations from Local Authority	6,490	215	(231)	—	—	6,474
Local Authority grants	—	10	—	(10)	—	—
Insurance income	1,481	—	—	7,707	—	9,188
	253,691	10,040	(12,897)	8,839	—	259,673
<b>Total restricted funds</b>	213,874	145,337	(148,106)	—	13,282	224,387
<b>Total funds</b>	219,363	148,559	(148,422)	—	13,282	232,782

*Restricted general funds*

Restricted general funds represent the balance of funds available from revenue grants received from local/central government and other donors, the application of which is limited to the conditions imposed by the grantor / donor. The principal funding received from the government is the General Annual Grant (GAG) provided by the Education and Skills Funding Agency. Under the funding agreements with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

*Restricted fixed asset funds*

This fund equates to the net book value of the Trust's tangible fixed assets plus any capital funding received from central/local government and other donors which has not been expended by the balance sheet date. The capital funding may be used to complete capital projects or undertaken for maintenance works on existing tangible fixed assets.

17. Funds (continued)

*Restricted fixed asset funds (continued)*

The fund balance includes the carrying value of school buildings (and other tangible fixed assets) inherited by the Trust where a school has converted or joined the Trust from another Academy Trust, and the carrying value of all other assets donated to the Trust.

Within restricted fixed asset funds insurance income represents £9,188 (2017 - £1.4m) insurance proceeds related to the rebuild at The Academy, Selsey.

*Unrestricted funds*

The unrestricted general funds represent monies which may be applied for any purpose within The Kemnal Academies Trust's objects

*Transfers between funds*

Transfers from either restricted general funds or unrestricted funds to the restricted fixed asset funds are made where revenue reserves are required to finance the purchase of tangible fixed assets. Transfers from restricted fixed assets fund to either restricted general funds or unrestricted funds are made where capital income has been spent on repairs and maintenance of existing fixed assets.

**Comparative information for the year to 31 August 2017:**

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Transfers in/out £'000	Gains/ (Losses) £'000	Balance at 31 August 2017 £'000
<b>Unrestricted funds</b>						
Unrestricted general funds	2,886	3,157	(383)	(171)	—	5,489
<b>Restricted funds</b>						
General Annual Grant (GAG)	1,931	107,002	(110,918)	1,950	—	(35)
Other DfE/ ESFA	400	10,714	(11,114)	—	—	—
Voluntary funds	2,477	1,266	(1,334)	(1,950)	—	459
Other government grants	—	4,266	(4,266)	—	—	—
Other income funds	—	6,029	(2,704)	(1,481)	—	1,844
Pension reserve	(50,897)	(666)	(4,233)	—	13,711	(42,085)
	(46,089)	128,611	(134,569)	(1,481)	13,711	(39,817)
<b>Restricted fixed asset funds</b>						
Unspent Capital Grants	3,408	—	(640)	—	—	2,768
DfE/ ESFA Capital Grants	8,593	4,358	(3,255)	171	—	9,867
Donation on Conversion	236,027	4,900	(7,842)	—	—	233,085
Other donations from Local Authority	6,880	—	(390)	—	—	6,490
Insurance income	—	—	—	1,481	—	1,481
	254,908	9,258	(12,127)	1,652	—	253,691
<b>Total restricted funds</b>	208,819	137,869	(146,696)	171	13,711	213,874
<b>Total funds</b>	211,705	141,026	(147,079)	—	13,711	219,363

# 17. Funds (continued)

## Current year results and prior results combined:

	Balance at September 2016 £'000	Income £'000	Expenditure £'000	Transfers in/out £'000	Gains/ (Losses) £'000	Balance at 31 August 2018 £'000
<b>Unrestricted funds</b>						
Unrestricted general funds	2,886	6,379	(699)	(171)	—	8,395
	2,886	6,379	(699)	(171)	—	8,395
<b>Restricted funds</b>						
General Annual Grant (GAG)	1,931	215,037	(221,300)	4,701	—	369
Other DfE/ ESFA	400	22,124	(25,047)	2,528	—	5
Voluntary funds	2,477	2,491	(2,569)	(1,950)	—	449
Other government grants	0	10,719	(7,368)	(3,301)	—	50
Other income funds	0	16,114	(3,816)	(12,298)	—	0
Pension reserve	(50,897)	(2,577)	(9,678)	—	26,993	(36,159)
	(46,089)	263,908	(269,778)	(10,320)	26,993	(35,286)
<b>Restricted fixed asset funds</b>						
Unspent Capital Grants	3,408	1,026	(884)	—	—	3,550
DfE/ ESFA Capital Grants	8,593	8,482	(6,768)	1,313	—	11,620
Donation on Conversion	236,027	9,565	(16,751)	—	—	228,841
Other donations from Local Authority	6,880	215	(621)	—	—	6,474
	—	10	—	(10)	—	—
Insurance income	—	—	—	9,188	—	9,188
	254,908	19,298	(25,024)	10,491	—	259,673
<b>Total restricted funds</b>	208,819	283,206	(294,802)	171	26,993	224,387
<b>Total funds</b>	211,705	289,585	(295,501)	—	26,993	232,782

## Total funds analysis by academy:

Fund balances at 31 August 2018 were allocated as follows:

	2018 £'000	2017 £'000
Bridgemaury School	449	670
Broadfield Primary Academy	899	758
Chichester High School	(1,169)	(1,410)
Cleeve Park School	479	499
Dame Janet Primary Academy	435	371
Debden Park High School	858	912
Drapers Mills Primary Academy	182	311
East Wickham Primary Academy	360	230
Front Lawn Primary Academy	204	141
Gray's Farm Primary Academy	304	236
<b>Total carried forward</b>	<b>3,001</b>	<b>2,718</b>

## 17. Funds (continued)

## Total funds analysis by academy: (continued)

	2018 £'000	2017 £'000
Total brought forward	3,001	2,718
Havant Academy	(261)	(7)
Heybridge Primary Academy	196	193
Hilltop Primary Academy	556	472
Horizon Primary Academy	109	87
Hylands School	257	210
Kemnal Technology College	54	451
King Harold School	1,139	1,275
Maldon Primary School	(13)	—
Miltoncross Academy	337	(183)
Napier Community Primary & Nursery Academy	125	197
Newlands Primary School	322	300
Northdown Primary School	200	177
Orchards Academy	35	(69)
Ore Village Primary Academy	(34)	39
Pebsham Primary Academy	100	130
Pluckley Church of England Primary School	70	43
Portfield Primary Academy	(113)	(106)
Rainham High School for Girls	1,290	892
Royal Park Primary Academy	234	278
Salvestone Primary School	194	116
Seal Primary Academy	(99)	(26)
Seymour Primary School	387	379
Shenstone School	530	—
Smarden Primary School	29	72
Stapleford Abbots Primary Academy	(81)	(9)
Tangmere Academy	139	154
The Academy, Selsey	304	435
The Bewbush Academy	609	532
The Mill Primary Academy	208	141
The Oaks Primary School	428	379
Thomas Bennett Community College	(504)	(630)
Welling Academy	603	617
Weyfield Primary Academy	834	581
The Kemnal Academies Trust	(1,917)	(2,081)
<b>Total before fixed asset fund and pension reserve</b>	<b>9,268</b>	<b>7,757</b>
Restricted fixed asset funds	259,673	253,691
Pension reserve	(36,159)	(42,085)
<b>Total funds</b>	<b>232,782</b>	<b>219,363</b>



**17. Funds (continued)****Academies carrying a net deficit:**

The following academies are carrying cumulative net deficits as at 31 August 2018:

Name of Academy	Amount of deficit £'000
Chichester High School	(1,169)
Havant Academy	(261)
Maldon Primary School	(13)
Ore Village Primary Academy	(34)
Portfield Primary Academy	(113)
Seal Primary Academy	(99)
Stapleford Abbots Primary Academy	(81)
Thomas Bennett Community College	(504)
The Kemnal Academies Trust	(1,917)
	(4,191)

The Trust is taking the following action to return the above academies to a net surplus position:

**Chichester High School:**

This school was originally a separate Boys and Girls school, having merged, the costs involved in the relocation and integration into one school were considerable, with the costs not only linked to logistical issues but also the need to undertake a large staff restructuring process. Following the merger, a 5-year recovery plan was originally agreed by the Board in 2016. However, as the academy was due to benefit from the government's move towards the new National Funding Formula, now delayed by a further year, the recovery plan has also been extended by a year. One of the benefits of amalgamation was the freeing up of outbuildings, so to mitigate against some of the delay in increased funding, the academy recently agreed some long-term leases of excess buildings on site and reviewed all high cost expenditure areas, with the cleaning contract now back in-house from 1 April 2018. Moving forward, the oversight of the recovery plan, scrutiny and challenge of its delivery, will be closely monitored by the central finance team and as with all TKAT academies, should the academy migrate away from the plan, a 'notice of concern', may be imposed on the school, or ultimately, lead to the withdrawal of delegated powers. The academy achieved an in-year surplus in 2017/18 and is budgeted to achieve increased surpluses in future years.

## 17. Funds (continued)

### Academies carrying a net deficit: (continued)

#### Havant Academy:

This is a secondary school that had historically suffered from very low pupil numbers, working within a very challenging area and in addition, to enable them to move from a 'Requires Improvement' Ofsted rating had to invest heavily in the quality of teaching and learning. They are now rated as a 'Good' school and it is anticipated that that improved rating, along with the addition of the new Executive Headteacher, who already has a strong presence in the local community and responsibility for primary schools in the area, will ensure a larger proportion of those students make Havant their first preference school. This appears to be the case with the Year 7 intake numbers for both October 2017 and 2018 being in excess of 25% higher than in previous years and although ending the 2017/18 financial year with an in-year deficit, primarily the result of moving from their funding being based on forecast pupil numbers to actual census pupil numbers, they remain cumulatively £27k ahead of the agreed 5-year plan.

#### Maldon Primary School:

This school is a one form entry primary that prior to conversion in September 2017 had consistently underperformed educationally whilst suffering from very volatile pupil numbers, primarily as a result of the Local Authority moving the Pupil Admission Number (PAN) annually. This had put additional pressure on the financial position of the school, mainly as staff had to be retained due to the annual variations in Reception Year intake numbers. Following conversion in September 2017, the PAN was fixed at 30, however, it will take a number of years for this to move through the school. Added to the volatility in pupil numbers, the previously identified sponsor had employed 11 teaching assistants, many of whom were found to be surplus to requirement, leading to a full staff restructuring process, with one-off exit costs being incurred of circa £100,000. The academy converted with no Business Manager in place, however, this was not an immediate problem as the headteacher had an excellent understanding of the financial requirements from the Trust. To further reduce costs moving forward the academy will be employing a shared finance resource to ensure they meet their 3-year budget plan.

#### Ore Village Primary Academy:

This academy is situated in a highly deprived area within East Sussex and despite relatively low pupil numbers, had been working with higher than usual staffing numbers and running costs. The Trust employed a new leadership team and Business Manager at the beginning of the 2017/18 financial year and following a staff reorganisation change programme to address staff numbers and a full review of their supply chain, the academy ended significantly better than was originally budgeted. Pupil numbers from the October 2018 census highlight continued growth and this along with assistance from TKAT will see them move to an in-year surplus for 2018/19 and a cumulative surplus at the end of August 2020, a year ahead of the original recovery plan.

**17. Funds (continued)**

**Academies carrying a net deficit: (continued)**

**Portfield Primary Academy:**

Prior to conversion this small one form entry primary was not a popular choice for parents and suffered from low pupil numbers as a result. Not only were the pupil number intakes low, but also varied greatly from year to year, making staffing structures difficult to plan, this was the primary cause of the cumulative deficit position. The Board agreed a 5-year recovery plan at the start of the 2016/17 financial year. Currently the academy is ahead of the plan and are due to get out of a deficit position a year early. The pupil numbers are buoyant, with most year groups full, with waiting lists. To further reduce overhead costs the business manager is supporting another local TKAT academy.

**Seal Primary Academy:**

Seal is a small rural school, historically managing to work within a tight financial budget, recent changes within the school have taken place that have left the school in a short-term deficit position. To address the financial shortfall, the school now shares a Business Manager with another TKAT academy close by and in addition a potential working model with a neighbouring secondary school is being explored to further benefit both sites from staffing economies of scale and purchasing efficiencies. The Board agreed a recovery plan set with an in-year surplus for each of the next 4 years and if achieved will take them back into a cumulative surplus position by the end of the third year.

**Stapleford Abbotts Primary Academy:**

This academy is a small one form entry primary that converted to TKAT in August 2017 from Essex County Council, it was governed by an Interim Executive Board (IEB) and on conversion had numerous Educational, Safeguarding and Health and Safety issues that had to be addressed. This resulted in a cumulative deficit position, however, a 5-year plan has been put in place and agreed with the Board to address the overspend position, primarily staff cost reductions and the implementation of a sharing of site management costs. It is likely that the financial recovery will cover the full 5 years set, primarily a result of low pupil numbers that vary greatly across the year groups in the school, that makes options for larger staffing reductions and any benefits of sharing services more difficult in the short term.

**Thomas Bennett Community College:**

Thomas Bennett Community College has suffered from year on year pupil number reductions, despite assurances from the Local Authority that numbers were due to rise. High staff numbers and costs added to increasing PFI costs and the constraints of the contract have contributed to a cumulative deficit position, this despite previous staffing restructures taking place. A new Interim Headteacher has been put in place from September 2018, with a new full time Headteacher appointed and due to start in January 2019. A full curriculum review has been completed, along with a whole school reorganisation change process that took effect from September 2018. The Board agreed a six-year recovery plan, with all years showing increasing in-year surpluses. However, despite the academy due to significantly benefit from the move to a 'Hard Formula' within the new National Funding Formula, uncertainty around its full implementation date means that any potential increases in GAG income has been excluded.

**17. Funds (continued)****Academies carrying a net deficit: (continued)****The Kemnal Academies Trust:**

At the end of the 2016/17 financial year the Trust undertook a full review of its staffing structures and delivery model to ensure the full recovery of the financial deficit. The recovery plan included the move to a new regional hub model and the agreed increases in central cross charges from 3.0% to 3.5% in 2017/18 and a further increase to 4.0% in 2018/19. The first year of the 5-year plan was met and exceeded and although the pupil numbers across the Trust have reduced slightly in 2018, it is anticipated that the gradual move towards the National Funding Formula will give rise to additional per pupil funding to cover the shortfall. The Board agreed the 5-year recovery plan in July 2017, with the full recovery of the deficit due by the end of the 2021-22 financial year.

**Analysis of net assets between funds at 31 August 2018:**

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2018 £'000
Tangible fixed assets	—	—	256,122	256,122
Current assets	8,395	11,505	3,551	23,451
Creditors due within one year	—	(10,097)	—	(10,097)
Creditors due in more than one year	—	(535)	—	(535)
Pension scheme liability	—	(36,159)	—	(36,159)
	8,395	(35,286)	259,673	232,782

**Analysis of net assets between funds at 31 August 2017 (comparative information):**

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2017 £'000
Tangible fixed assets	168	—	250,755	250,923
Current assets	5,535	12,382	2,936	20,853
Creditors due within one year	(212)	(9,532)	—	(9,744)
Creditors due in more than one year	(2)	(582)	—	(584)
Pension scheme liability	—	(42,085)	—	(42,085)
	5,489	(39,817)	253,691	219,363

**18. Analysis of expenditure by academy**

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 2018 £'000	Total 2017 £'000
Bridgemary School	2,210	604	156	679	3,649	3,428
Broadfield Primary Academy	1,687	358	143	480	2,668	2,808
Chichester High School	4,784	1,139	224	1,573	7,720	8,412
Cleeve Park School	3,816	863	103	920	5,702	5,321
Dame Janet Primary Academy	1,676	602	96	403	2,777	2,877
Debden Park High School	3,736	611	133	2,210	6,690	6,812
Drapers Mills Primary Academy	2,109	561	64	489	3,223	3,098
East Wickham Primary Academy	2,001	566	120	490	3,177	3,375
Front Lawn Primary Academy	1,730	450	97	418	2,695	2,586
Gray's Farm Primary Academy	1,542	265	50	281	2,138	2,339
Havant Academy	1,586	465	87	493	2,631	2,836
Heybridge Primary Academy	742	213	22	238	1,215	1,097
Hilltop Primary Academy	1,759	306	47	392	2,504	2,513
Horizon Primary Academy	742	167	49	191	1,149	1,218
Hylands School	2,654	1,173	128	766	4,721	4,812
Kemnal Technology College	2,627	559	107	796	4,089	4,930
King Harold School	2,281	516	56	779	3,632	3,666
Maldon Primary School	976	238	21	273	1,508	—
Miltoncross Academy	3,107	466	265	1,193	5,031	5,264
Napier Community Primary & Nursery Academy	1,551	539	88	333	2,511	2,497
Newlands Primary School	1,366	410	33	313	2,122	2,141
Northdown Primary School	1,335	372	65	362	2,134	2,292
Orchards Academy	2,005	595	30	499	3,129	3,141
Ore Village Primary Academy	1,083	245	36	363	1,727	1,795
Pebsham Primary Academy	797	147	25	201	1,170	1,133
Pluckley Church of England Primary School	308	153	13	91	565	533
Portfield Primary Academy	804	177	39	164	1,184	1,258
Rainham High School for Girls	6,056	1,275	183	1,196	8,710	8,668
Royal Park Primary Academy	1,452	276	79	434	2,241	2,072
Salmestone Primary School	1,235	277	66	309	1,887	2,083
Seal Primary Academy	1,221	273	86	255	1,835	1,753
Seymour Primary School	1,680	214	84	462	2,440	2,487
Shenstone School	2,541	462	46	363	3,412	-
Smarden Primary School	333	84	16	111	544	490
Stapleford Abbots Primary Academy	527	235	29	128	919	74
Tangmere Academy	627	124	44	180	975	967
<b>Total carried forward</b>	<b>66,686</b>	<b>15,980</b>	<b>2,930</b>	<b>18,828</b>	<b>104,424</b>	<b>100,776</b>

### 18. Analysis of expenditure by academy (continued)

	Teaching and Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs excluding dep'n £'000	Total 2018 £'000	Total 2017 £'000
Total brought forward	66,686	15,980	2,930	18,828	104,424	100,776
The Academy, Selsey	1,538	354	56	454	2,402	2,276
The Bewbush Academy	1,969	444	97	453	2,963	2,883
The Mill Primary Academy	1,332	248	59	403	2,042	1,916
The Oaks Primary School	1,270	232	29	265	1,796	1,808
Thomas Bennett Community College	4,062	925	65	1,261	6,313	7,224
Welling Academy	6,046	863	173	2,359	9,441	9,289
Weyfield Primary Academy	975	357	34	359	1,725	1,767
The Kemnal Academies Trust	318	1,922	3	5,849	8,092	10,769
	84,196	21,325	3,446	30,231	139,198	138,708

### 19. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income / (expenditure) for the year (as per statement of financial activities)	137	(6,053)
Adjustments for:		
Depreciation charge (note 13)	9,224	8,367
Investment Income and interest receivable (note 4)	(12)	(13)
Transfer of cash on conversion (note 21)	(566)	(210)
Donation of building and equipment	(4,665)	(4,900)
Loss on disposal of fixed assets	57	11
(Increase)/decrease in debtors	(2,054)	572
Increase in creditors	366	2,025
Capital grants from DfE and other capital income	(5,160)	(4,358)
Insurance proceeds for capital items (note 5)	(8,800)	(4,600)
Defined benefit pension scheme obligation inherited (note 24)	1,911	666
Defined benefit pension scheme service cost adjustment (note 24)	4,366	3,205
Defined benefit pension scheme finance cost (note 24)	1,079	1,028
Net cash used in operating activities	(4,117)	(4,260)

## 20. Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	17,729	16,608
	17,729	16,608

## 21. Conversion to an academy trust

On 1 September 2017, Maldon Primary School and Shenstone School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Kemnal Academies Trust from Essex County Council and the London Borough of Bexley respectively for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations - transfer from local authority on conversion (see note 1).

The following tables set out the fair values of the identifiable assets and liabilities transferred:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
<b>Combined position</b>				
Tangible fixed assets				
. Leasehold land and buildings (note 13)	—	—	4,665	4,665
Current assets				
. Cash (Budget surplus on LA funds)	566	—	—	566
Non-current liabilities				
. LGPS pension deficit (note 24)	—	(1,911)	—	(1,911)
Net assets	566	(1,911)	4,665	3,320

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
<b>Maldon Primary School</b>				
Tangible fixed assets				
. Leasehold land and buildings	—	—	1,690	1,690
Current assets				
. Cash (Budget surplus on LA funds)	80	—	—	80
Non-current liabilities				
. LGPS pension deficit	—	(450)	—	(450)
Net assets	80	(450)	1,690	1,320

**21. Conversion to an academy trust (continued)**

Shenstone School	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	2,975	2,975
Current assets				
· Cash (Budget surplus on LA funds)	486	—	—	486
Non-current liabilities				
· LGPS pension deficit	—	(1,461)	—	(1,461)
Net assets	486	(1,461)	2,975	2,000

**22. Contingent asset**

During the 2015/16 financial year The Academy, Selsey suffered a major fire and a large portion of the buildings were destroyed. The insurance providers Zurich Municipal have agreed settlement monies of £20,561,000, of which £13,206,000 had been received as at 31 August 2018. The rebuild is likely to be completed during the 2018/19 year. Post the balance sheet date, a final settlement of £7.3m has been received from Zurich.

**23. Capital commitments**

At 31 August 2018 the Trust had capital commitments as follows:

	2018 £'000	2017 £'000
Contracted for but not provided in these financial statements	12,203	16,407
	12,203	16,407



## 24. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and various Local Government Pension Schemes (LGPS) for non-teaching staff, which are managed by 9 different Local Authorities (Kent, Essex, West Sussex, East Sussex, Bromley, Bexley, Surrey, Portsmouth and Hampshire County Councils). The TPS and the various LGPS are all multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS, 31 March 2016.

Contributions amounting to £1,030,142 were payable to the schemes at 31 August 2018 (2017 – 1,030,073) 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 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

#### *Valuation of the Teachers' Pension Scheme*

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

## 24. Pension commitments (continued)

### Teachers' Pension Scheme (continued)

#### *Valuation of the Teachers' Pension Scheme (continued)*

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed. Initial indications suggest that the employer contribution rate will increase to 23.6% from September 2019 and that government funding will be made available to cover the increased cost.

The employer's pension costs paid to TPS in the period amounted to £7,908,832 (2017 - £7,663,070).

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

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

### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 as referenced in the actuarial reports were £6,693,000 (2017 - £5,697,000), of which employer's contributions totalled £5,242,000 (2017 - £4,496,000) and employees' contributions totalled £1,451,000 (2017 - £1,201,000). The agreed contribution rates for future years are 14.1% - 24.1% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:	2018	2017
Discount rate for scheme liabilities	2.7%	2.50 %
Rate of increase in salaries	3.5%	3.60 %
Rate of increase for pensions in payment / inflation	2.2%	2.50 %
Inflation assumption (CPI)	2.2%	2.10 %

## 24. Pension commitments (continued)

### Local Government Pension Scheme (continued)

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

<b>Mortality assumptions:</b>	<b>2018 Years</b>	<b>2017 Years</b>
<i>Retiring today</i>		
Males	22.1 – 24.1	22.1 – 25.2
Females	24.4 – 27.2	24.4 – 28.3
<i>Retiring in 20 years</i>		
Males	23.8 – 26.2	23.8 – 26
Females	26.3 – 29.4	26 – 29.3

<b>Sensitivity analysis:</b>	<b>At 31 August 2018 £'000</b>	<b>At 31 August 2017 £'000</b>
Discount rate +0.1 %	1,993	2,306
Discount rate -0.1 %	1,660	1,699
Mortality assumption - 1 year increase	2,178	2,423
Mortality assumption - 1 year decrease	2,524	2,718

The Trust's share of the assets in the schemes were:

<b>Asset allocation:</b>	<b>At 31 August 2018 £'000</b>	<b>At 31 August 2017 £'000</b>
Equities	43,582	39,381
Corporate bonds	14,744	12,379
Property	6,616	5,375
Cash and other liquid assets	8,724	5,575
Total market value of assets	73,666	62,710

The actual return on scheme assets was £4,038,000 (2017: £5,402,000).

<b>Amounts charged to the statement of financial activities:</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Current and past service costs	(9,544)	(7,711)
Administration costs	(64)	(42)
Net Interest cost	(1,079)	(1,028)
	(10,687)	(8,781)

**24. Pension commitments (continued)**

**Local Government Pension Scheme (continued)**

	2018 £'000	2017 £'000
<b>Changes in the present value of defined benefit obligations:</b>		
At 1 September 2017	104,794	102,642
Transfer into scheme upon conversion	3,315	1,081
Current service cost	9,495	7,711
Past service costs	49	32
Interest cost	2,760	2,118
Employee contributions	1,451	1,228
Actuarial gains	(10,924)	(8,819)
Benefits paid	(1,115)	(1,199)
<b>At 31 August 2018</b>	<b>109,825</b>	<b>104,794</b>

	2018 £'000	2017 £'000
<b>Changes in the fair value in the Trust's share of scheme assets</b>		
At 1 September 2017	62,710	51,745
Transferred in on existing academies joining the Trust	1,404	415
Interest income	1,681	1,090
Actuarial gain	2,357	4,892
Employer contributions	5,242	4,580
Employee contributions	1,451	1,228
Benefits paid	(1,115)	(1,198)
Administration costs	(64)	(42)
<b>At 31 August 2018</b>	<b>73,666</b>	<b>62,710</b>

**25. Operating lease and similar commitments**

At 31 August 2018 the total of the Trust's future minimum lease payments under non-cancellable operating leases were as follows:

	2018 £'000	2017 £'000
<b>Amounts payable:</b>		
Within 1 year	595	592
Between 1 and 5 years	751	732
After more than 5 years	53	69
<b>Total commitment</b>	<b>1,399</b>	<b>1,393</b>

**25. Operating lease and similar commitments (continued)**

In addition to the above, four of the properties occupied by the Trust were developed and financed through Private Finance Initiative (PFI) agreements between the PFI contractor and the relevant Local Authority. These properties are not included on the Trust's balance sheet. However, The Trust is subject to secondary agreements with the relevant Local Authority which requires the Trust to make annual contributions towards facilities management. At 31 August 2018, the total of future minimum commitments under such agreements were as follows:

	2018 £'000	2017 £'000
<b>Amounts payable:</b>		
Within 1 year	4,580	4,556
Between 1 and 5 years	18,319	18,222
After more than 5 years	41,715	46,256
<b>Total commitment</b>	<b>64,614</b>	<b>69,034</b>

**26. Related party transactions**

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Trustees / Member	Declaration of interest for The Kemnal Academies Trust	Relationship	Commercial value per annum
Dr Karen Roberts (Chief Executive Officer and Trustee)	Ms D Roberts - School Health Co ordinator at Rainham School for Girls	Sister	Standard terms of employment

## 27. Teaching School trading account

	2018 £'000	2017 £'000
<b>Income</b>		
Direct income	983	794
<b>Total income (inclusive of inter-Trust charges)</b>	<b>983</b>	<b>794</b>
Less: inter-Trust charges	(231)	(328)
<b>Total income as per statement of financial activities</b>	<b>752</b>	<b>466</b>
<b>Expenditure</b>		
Direct costs		
Direct staff costs	444	21
Staff development	130	—
Other direct costs	133	126
	<b>707</b>	<b>147</b>
Other costs		
Support staff costs	194	201
Recruitment and support	11	4
Other support costs	8	387
<b>Total expenditure (inclusive of inter-Trust charges)</b>	<b>920</b>	<b>739</b>
Less: inter-Trust charges	(122)	(116)
<b>Total expenditure as per statement of financial activities</b>	<b>798</b>	<b>623</b>
Add: sundry expenditure	109	212
<b>Surplus/deficit for all services</b>	<b>63</b>	<b>55</b>
Teaching school's balance at 1 September 2017	55	—
<b>Teaching school's balance at 31 August 2018</b>	<b>118</b>	<b>55</b>

## 28. Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018, the Trust received £158,375 and disbursed £120,898 from the fund. An amount of £37,477 is included in other creditors relating to undistributed funds.

## 29. Post balance sheet events

Willow Brook Primary School, an existing academy, joined the Trust on the 1 September 2018.