

The Queen Katherine School Multi Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements Year Ended 31 August 2018



Company Registration Number: 07472799
(England & Wales)

The Queen Katherine School Multi Academy Trust

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The Queen Katherine School Multi Academy Trust

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Reference and Administrative Details

		Appointed	Resigned
Members	Richard Moore Peter Townley Heather Dixon Anthony Burbridge Elizabeth Moffatt		
Trustees who are Members and Directors	Elizabeth Moffatt Heather Dixon		01/10/2018 30/09/2017
Trustees who are Directors	Stephen Wilkinson (Accounting Officer) Beth Curl Jennifer Mitchell Anthony Sinton Anna Gregg Maxine Froggatt Joanne Heather Eddie Richards		09/10/2018
		22/05/2018 22/05/2018 22/05/2018	23/11/2018
All trustees are part of of the Audit committee			
Company Secretary	Michael James Walby		
MAT Senior Management Team:			
Chief Executive Officer	Stephen Wilkinson		
MAT Business Manager	Vanessa Lloyd		
The Queen Katherine School			
Head Teacher	Jon Hayes		
Walney School			
Head Teacher	John Richardson		
George Hastwell			
Head Teacher	Karen Baxter		

Reference and Administrative Details (continued)

Principal and Registered Office	The Queen Katherine School Appleby Road Kendal LA9 6PJ
Academy Addresses	<div>The Queen Katherine School Appleby Road Kendal LA9 6PJ</div> <div>Walney School Sandy Gap Lane Barrow in Furness Cumbria LA14 3JL</div> <div>George Hastwell Moor Tarn Lane Barrow in Furness Cumbria LA14 3LW</div>
Company Registration Number	07472799 (England & Wales)
Independent Auditor	Saint & Co. Chartered Accountants The Old Police Station Church Street Ambleside Cumbria LA22 0BT
Bankers	<div>Yorkshire Bank Plc 7 Stricklandgate Kendal Cumbria LA9 4NB</div> <div>Lloyds Bank Plc 11 Finkle Street Kendal Cumbria LA9 4AG</div>
Solicitors	Burnetts 6 Victoria Place Carlisle CA1 1ES

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates a multi academy trust (MAT) for pupils aged 2 to 19 serving a catchment area in Cumbria. The MAT comprises of the following schools:

The Queen Katherine School which has a pupil capacity of 1440 and had a roll of 1087 in the school census on 1 October 2018.

Walney School which has a pupil capacity of 900 and had a roll of 559 in the school census on 1 October 2018.

George Hastwell School which has a pupil capacity of 90 and had a roll of 67 in the school census on 1 October 2018.

Structure, Governance and Management

Constitution

The multi academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Queen Katherine Multi School Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Queen Katherine School Multi Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details 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.

Trustee's Indemnities

Each academy in the trust has purchased indemnity insurance to protect trustees and officers from claims arising in connection with Academy business.

Method of Recruitment and Appointment or Election of Trustees

The trustees are appointed under the terms of the academy's articles of association as follows:

- The members may appoint up to 30 trustees
- A minimum of two Local Parent trustees
- Up to 1 Local Authority trustee
- Number of staff trustees does not exceed one third of the total number of trustees
- Any Trustees elected by the Secretary of State for Education
- Number of co-opted trustees does not exceed one third of the total number of trustees

The term of office for all trustees, except the Executive Head Teacher and the chairs of each academy's LGB, is four years. The Executive Head Teacher term of office runs parallel with their contract of employment. The trustees who were in office and who served throughout the period, are listed on the reference and administrative details.

Policies and Procedures Adopted for the Induction and Training of Trustees.

The training and induction provided for new trustees will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new trustees are given a tour of the academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and directors of the charitable company. As there is normally expected to be only a small number of new trustees each year, inductions tend to be done informally and are tailored specifically to the individual.

Trustees' Report (continued)

Organisational Structure

The structure consists of the following levels: the members, the directors (trustees), the MAT officers and Academy Local Governing Bodies. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst maintaining accountability.

The trustees control the academies at an executive level, whilst the Senior Leadership Teams in each academy (Head teachers and Deputies) implement the policies laid down by the trustees and report back to them. The Senior Leaders are responsible, in line with the Trust Schemes of Delegation, for the authorisation of spending within agreed budgets and the appointment of the majority of staff.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The MAT Board holds responsibility for setting the pay and remuneration of the academy's key management personnel in accordance with the Pay Policy for Teachers, based on the format of the DfE's model policy and NJC terms and conditions for support staff. Pay progression is based on an annual cycle running from 1st September to 31st August and is determined by achievement of pre determined performance objectives. Responsibility for the appraisal process has been delegated to the Head Teachers Pay Review Committee and Pay Review Committees, both sub committees of the MAT Board. The MAT Board has delegated responsibility for the appointment and performance management of the academy heads to the CEO.

Connected Organisations, including Related Party Relationships

The multi academy trust is made up of the following schools

- The Queen Katherine School
- Walney School (Joined MAT on 01/09/2014)
- George Hastwell School (Joined MAT on 01/09/2015)

Kendal Collaborative Partnership

The Kendal Collaborative Partnership is made up of all 17 schools in total from Kendal primary schools, Kendal Nursery, Sandgate and two Kendal secondary schools. The joint vision of working together to enhance the educational opportunities and experience of young people by furthering high quality school improvement; raising achievement and access for all; and driving high aspirations through continuous professional development. (ceased 21 September 2017)

QKS Meadowview Nursery Limited

QKS Meadowview is a wholly owned subsidiary of the academy. The Queen Katherine School Academy Trust rents a standalone single storey building to QKS Meadowview Nursery Limited, located adjacent to the school grounds. QKS Meadowview Nursery Limited provides a nursery provision from 0 to 5 year olds. QKS Meadowview Nursery Limited manages and runs a small nursery in the Kendal area called Stramongate Nursery.

Furness Educational Consortium

The Furness Education Consortium consists of six secondary schools, one pupil referral unit, two special schools, two sixth form colleges and one college of further education. In addition to the core group members there is also representation from the Primary consortium. These establishments work in partnership to deliver educational provision for the young people of the Furness area.

Trustees' Report (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
6	5.27

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% - 50%	6
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£1,765
Total pay bill	£10,482,331
% of total pay bill spent on facility time	0.017%

Paid trade union activities

There was no paid union activity during the period

Objectives and Activities

Objects and Aims

The principle activity of the academy trust 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 schools (the mainstream academies) offering a broad and balanced curriculum.

An additional objective is to promote for the benefit of individuals living in areas where the academies are situated and the surrounding areas who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

The aim of the academy trust is to provide education for pupils of different abilities between the ages of 2 and 19.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Objectives, Strategies and Activities

The main objectives of the academy trust during the year ended 31 August 2018 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

Trustees' Report (continued)

Objects and Aims (continued)

The Queen Katherine School Multi Academy Trust aims to develop individuals to achieve their full potential. As a trust we provide education of the highest quality in well-resourced premises. Relationships are constructive, with individuals being valued, nurtured and supported.

This is achieved through developing:

- a trusting, open, caring, inclusive friendly and structured atmosphere with comfortable relationships, clear expectations and with every individual valued;
- a focus on learning, guidance and monitoring for all students and staff, both inside and outside the classroom;
- showing commitment in our work, desire to learn, hard work, a spirit of enquiry and creativity, initiative.

The curriculum offered is distinctive and personalised to each school.

At key stage 3 we have a major focus on ensuring that all students develop core English, mathematics, science and ICT skills and the personal, learning and thinking skills to equip them with the competence and confidence to pursue both academic and vocational pathways in the future.

We focus on the development of vocational and work related education.

All students, at any age, are able to access the most appropriate provision offered in each of our academies to suit their particular interests and needs.

The academies enable a common approach to be taken to values and principles, standards, utilisation of management expertise, use of resources, and to the creation of a broad and rich opportunity for young people to achieve their maximum potential.

The academies also provide enriched provision and integrated services for children and young people in the area, including comprehensive extended services, and enable a wide range of services and facilities to be made available to the community which supports and compliments the local authority's children's services vision.

The academies follow the QKSMAT Equality Policy in respect of disabled persons regarding consideration to applications for employment, continuing their employment and their training, career development and promotion.

The academies hold weekly staff meetings, yearly performance management and produce termly newsletters to keep all staff aware of factors affecting the MAT.

Public Benefit

In setting the objectives, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The objective of the academies 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 a school offering a broad and balanced curriculum.

Strategic Report

Achievements and Performance

The Queen Katherine School Multi Academy Trust achievements in the year include:

- the ongoing work undertaken in developing a shared services model to realise economies of scale and reduce costs for the academies
- the ongoing close working relationship between the academies to share knowledge and expertise, to seek out best practice and to realise the vision of the Trust.

Trustees' Report (continued)

Achievements and Performance (continued)

The Queen Katherine School achievements and performance

Examination results at A level remain very strong and well above national average, with a significant number of students achieving A* grades. 6th form students numbers are increasing at a time of falling student numbers within the Kendal area. GCSE examination results in 20 out of 22 subjects were above the national average for students achieving 4+, whilst in the 7+ 17 out of 22 subjects exceeded the national average.

The North-West Maths Hub at QKS, in conjunction with other collaborative partners continues to exceed performance targets and QKS support has been increased to meet the additional demands.

HMI continue the monitoring of the school, with the latest inspection resulting in the school categorised as requiring improvement. The school continues to implement a programme of measures to improve the school rating, with lesson observation, feedback and focus on subject needs and a consistent approach in teaching standards.

Walney School achievements and performance

As it moves into its fifth year of operation as an Academy sponsored by The Queen Katherine MAT, Walney School is returning to being the school of choice for the Island community it serves. GCSE results in 2018 demonstrated the strongest achievement measures the school has ever demonstrated and leaders, governors and the Trust remain committed to maintaining these improvements to ensure that the legacy of underachievement is overcome such that student progress over time becomes good.

The transformation in the school's culture is now firmly embedded and has been recognised by a variety of external scrutiny commissioned by the Trust. The significant changes in staffing, leadership and governance during the school's time within the MAT have contributed to both this cultural shift and the vastly improved financial efficiency in the school's operation. Our journey of improvement was recognised during our most recent Ofsted HMI monitoring visit:

"Strategic leadership of the school is underpinned by a talented group of senior leaders whose skills and expertise are closely matched to the school's priorities for improvement. The senior leadership team's capacity to maintain the momentum of improvement remains robust. This is evidenced by the focus on improvement that begins in the school's improvement plan and is brought to life through the range of activities across the school that target improvements in teaching and learning. Leadership is distributed throughout the school and all staff know how they can contribute to improving outcomes for pupils."

George Hastwell School achievements and performance

The school received its first inspection as an academy in June, and was graded as Requires Improvement overall, with good for both EYFS and Sixth Form. The inspection team understood the school well and were very supportive. All the Areas for Improvement had already been identified by the leadership team. The senior leadership team at the school has been remodelled internally with a new deputy headteacher in post from September 2018, and two further leaders with TLR responsibilities. The new office manager had begun to make an impact on the administrative function of the school. Overall pupils made good to outstanding progress in English, maths, science and PSHE according to the school's assessment criteria. Individual pupils who made slower progress did so for evidential reasons which the school has analysed. Sixth Form pupils were successful in gaining a range of qualifications, and these were extended to KS4 for the first time this year. All Y14 leavers obtained places at local colleges. The need to manage the budget stringently remains, though pupil numbers have dipped only slightly despite a large leavers group in July.

Trustees' Report (continued)

Key Financial Performance Indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. It is anticipated that benchmarking will be a key tool in ensuring the academies are delivering value for money.

The Queen Katherine School	2018	2017	2016	2015	2014
Pupil numbers	1119	1221	1300	1364	1392
Staff costs as % of total costs	78.77%	75.01%	75.36%	76.91%	75.34%
Full time equivalents teachers	61	69	76	81	81
Pupil teacher ratio	18.3	17.7	17.1	16.8	17.2
Walney School	2018	2017	2016	2015	
Pupil numbers	587	637	643	652	
Staff costs as % of total costs	79.19%	75.78%	75.67%	74.67%	
Full time equivalents teachers	31	30	31	36	
Pupil teacher ratio	18.9	21.2	20.7	18.1	
George Hastwell School	2018	2017	2016		
Pupil numbers	68	68	67		
Staff costs as % of total costs	72.26%	85.76%	71.11%		
Full time equivalents teachers	7	8	8		
Pupil teacher ratio	9.7	8.5	8.4		

Going Concern

After making appropriate enquiries, the MAT board has a reasonable expectation that each academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it adopts the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

Overview

The majority of each academy's income is obtained from the Education and Skills Funding Authority (ESFA) in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the related expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2018, total general expenditure of £14,395,733 was covered by recurrent grant funding from the DfE together with other incoming resources and reserves brought forward. The excess of general expenditure over income for the year was £145,755.

At 31 August 2018 the net book value of fixed assets was £15,285,984 and movements in tangible fixed assets are shown in notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of each Academy.

Trustees' Report (continued)

Reserves Policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of the reserves. The trustees will keep the level of reserves under review.

The general unrestricted fund balance was £775,560 (2017: £827,586) at the year end. The trustees believe that this level of reserves is required to support the running of the MAT during an anticipated reduction in funding.

The designated all weather pitch fund balance was £103,077 (2017: £165,530) at the year end, this fund is for the replacement of the all weather pitch.

Funds in Deficit

Pension Reserve Fund - this fund represents the deficit on the Local Government Pension Scheme (LGPS) at the year end.

Investment Policy

Reserves are currently held in an instant access account with the academy trust's bankers.

Principal Risks and Uncertainties

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

Financial and Risk Management Objectives and Policies

For each academy a budget for the period was agreed prior to the beginning of the accounting period. Management accounts were presented at each termly Business, Finance and Audit Trustee Committee meeting for each academy and income and expenditure monitored against budget.

The Trust's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of delegation
- Finance manual
- Risk management policy

Principal Funding Sources

The majority of the academy's income is obtained from the Education and Skills Funding Authority (ESFA) and the Local Authority in the form of grants, the use of which is restricted to particular purposes.

Fundraising

During the period in question the Trust has not engaged professional fundraisers or commercial participators to undertake any fundraising activities on its behalf. The Trust has undertaken minor fundraising activities whereby students sought voluntary donations from parents, carers and the local community.

Trustees' Report (continued)

Plans for Future Periods

The Queen Katherine School became a Multi Academy Trust (MAT) on 18 February 2014, sponsoring its first academy on 1 September 2014 – Walney School. George Hastwell School joined the Trust on 1 September 2015. The MAT is open-minded to encouraging other Academies to join the Trust possibly in association with another Trust.

All three schools in the Trust have had recent OFSTED inspections all reflecting improvement and moving all three schools out of special measures. However, improving the performance of our schools is a top priority which is being achieved in partnership with the Endeavour Learning Trust.

All three schools have benefited year on year from successful Conditional Improvement Fund bids. The Trust will continue to submit bids to improve the quality of the buildings in its care.

The colocation project of Sandgate School, to provide accommodation for Key Stage 3, is being reshaped to develop the existing Sandgate Upper School Hub.

Increasing student numbers in our two secondary schools is a priority for the two local Governing Bodies to improve the financial stability of the schools. George Hastwell School having lost a large Year 13 group has stable numbers and anticipates only losing 3 students at the end of this academic year.

Funds Held on Behalf of Others

The multi academy trust acts as an intermediary for the following projects, but has no responsibility for them. These are:

- 16-19 Bursary fund. The academy trust distributes the 16-19 bursary funds to students as an agent for the ESFA.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware: and
- 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 members of the board of trustees on 04 December 2018 and signed on its behalf by:



Beth Curl
Chair of Trustees

Governance Statement

Scope of Responsibility

As trustees we acknowledge that we have overall responsibility for ensuring that The Queen Katherine School Multi Academy 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 Executive Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Queen Katherine School Academy 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 **MAT board** of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Beth Curl	4	5
Elizabeth Moffatt	5	5
Stephen Wilkinson (Chief Executive Officer)	4	5
Jennifer Mitchell	3	5
Anthony Sinton	4	5
Anna Gregg	2	5
Maxine Froggatt	2	2
Joanne Heather	2	2
Eddie Richards	2	2

The **Audit Committee** is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the board of trustees by ensuring sound management of the academy's finances and resources, including proper planning, monitoring and probity.

Governance Statement (continued)

Governance Review

The governors of The Queen Katherine School Multi Academy Trust have undertaken a restructure of their governing committees resulting in each academy following the same structure including new terms of references being adopted. The new structures were adopted in September 2015.

Review Of Value For Money

I accept that as Accounting Officer of The Queen Katherine Multi Academy Trust I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the MAT Board where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the multi academy trust has delivered improved value for money during the year.

Set out below are examples of how the academy trust's use of its resources has provided good value for money during the academic year:-

- To income generation the MAT marketed payroll and HR services to schools in the locality. Payroll and HR contracts were retained for 3 organizations that are external to the MAT, bringing in additional revenue.
- Continued investment in staff training ensuring that teachers and support staff are upskilled to meet the latest curriculum and legislative requirements.
- A review of time expired contracts across the MAT - cleaning, copiers and general services, produced savings.
- Review of MAT staffing needs rationalisation of TLR payments and changes to job specifications while not recruiting for all vacancies has resulted in the cost base of the MAT reducing significantly.
- The MAT secured school improvement consultants to assist the MAT in improving its delivery of curriculum, services and governance to meet Ofsted requirements.
- Initiatives developed internally has reduced the dependency of external educational provision providers.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of multi academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Queen Katherine School Multi Academy Trust for the year ended 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 have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy'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.

Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Business, Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed, the external auditor, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of bank reconciliations

The reports are provided to the local governing bodies on the operations of the systems of control. The schedule of works has been delivered as planned and any action has been taken as appropriate. The reports were produced for the periods 1 September to 30 April.

Review of Effectiveness

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

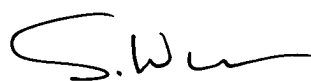
- The work of the external auditor;
- The financial management and governance self-assessment process;
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the relevant finance committees at local governing body level and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

Approved by order of the members of the board of trustees on 04 December 2018 and signed on its behalf by:



Beth Curl
Chair of Trustees



Stephen Wilkinson
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Queen Katherine School Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. 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 academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

- **Financial Issues**

During the year one of the academies encountered fraudulent activity. It was a cyber attack and resulted in a erroneous payment of £20,452. Despite efforts through action fraud, ESFA and the bank this money could not be retrieved. Subsequently processes and procedures have been amended and all staff briefed to be extra vigilant.

The expenditure has been recorded within school fund - within note 8 of the accounts - reflecting the loss of unrestricted funds.



Stephen Wilkinson
Accounting Officer

4/12/18

Date

Statement of Trustees' Responsibilities

The trustees (who act as governors of The Queen Katherine School Multi Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

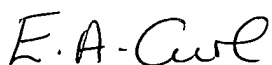
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 04 December 2018 and signed on its behalf by:



Beth Curl
Chair of Trustees



Stephen Wilkinson
Accounting Officer

Independent Auditor's Report on the Financial Statements to the Members of The Queen Katherine School Multi Academy Trust

Opinion

We have audited the financial statements of The Queen Katherine School Multi Academy Trust for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been properly 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 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.

Independent Auditor's Report on the Financial Statements to the Members of The Queen Katherine School Multi Academy Trust (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees have 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 Report of the Trustees.

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 (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to 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.

Our 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 a Report of the Independent Auditors 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. This description forms part of our Report of Independent Auditors.

Independent Auditor's Report on the Financial Statements to the Members of The Queen Katherine School Multi Academy Trust (continued)

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.



Darren Little (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

17 December 2018 Date

Independent Reporting Accountant's Assurance Report on Regularity to The Queen Katherine School Multi Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 15/08/2018 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 Queen Katherine School Multi Academy Trust during the period 01 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 Queen Katherine School Multi Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Queen Katherine School Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Queen Katherine School Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective Responsibilities of the The Queen Katherine School Multi Academy Trust's Accounting Officer and the Reporting

The Accounting Officer is responsible, under the requirement of the The Queen Katherine School Multi Academy Trust's funding agreement with the Secretary of State for Education dated 18 February 2014 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 period 01 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 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.

Independent Reporting Accountant's Assurance Report on Regularity to The Queen Katherine School Multi Academy Trust and the Education and Skills Funding Agency (continued)

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

The work undertaken to draw to our conclusion includes:

- the Financial Management & Governance Evaluation (FMGE) was obtained and considered;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual severance payments have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee / governors declaration of interests;
- where present obtaining the accounting officer's file.

Conclusion

In the course of our work, except for the matter listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1:

As highlighted in the Accounting Officer's Statement on Regularity, Propriety and Compliance during the year one of the academies encountered fraudulent activity. It was a cyber attack and resulted in a erroneous payment of £20,452. We can confirm this was reported to the ESFA in a timely manner.



Darren Little (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

17 December 2018 Date

Statement of Financial Activities (Incorporating the Income and Expenditure Account)
for the Year Ended 31 August 2018

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	2	79,987	-	515,229	595,216	324,651
Transfer from local authority on conversion	28	-	-	-	-	-
Charitable activities:						
- Funding for the Academy trust's educational operations	3	388,715	11,733,964	-	12,122,679	12,779,686
Other trading activities	4	284,644	-	-	284,644	254,965
Investment income	5	1,063	-	-	1,063	1,227
Teaching schools	4a	-	-	-	-	386,198
Total		754,409	11,733,964	515,229	13,003,602	13,746,727
Expenditure on:						
Raising funds	7	245,456	-	-	245,456	211,773
Charitable activities:						
- Academy's educational operations	8	392,407	12,378,162	1,379,708	14,150,277	14,811,063
Teaching schools	7a	-	-	-	-	373,942
Total	6	637,863	12,378,162	1,379,708	14,395,733	15,396,778
Net income / (expenditure) before transfers						
		116,546	(644,198)	(864,479)	(1,392,131)	(1,650,051)
Transfers between funds	11,19	(260,880)	184,777	76,103	-	-
Net income/(expenditure) for the year		(144,334)	(459,421)	(788,376)	(1,392,131)	(1,650,051)
Other recognised gains / (losses)						
Actuarial (losses) gains on defined benefit pension schemes	24	-	1,348,000	-	1,348,000	1,461,000
Net movement in funds		(144,334)	888,579	(788,376)	(44,131)	(189,051)
Reconciliation of funds						
Funds brought forward to 1 September 2017	19	1,084,230	(6,223,780)	16,182,677	11,043,127	11,232,178
Fund balances carried forward at 31 August 2018		939,896	(5,335,201)	15,394,301	10,998,996	11,043,127

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

Balance Sheet as at 31 August 2018

Company Number 07472799

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	14		15,285,984		15,991,927
Investments	15		100,000		100,000
Current assets					
Stock	16	2,636		2,013	
Debtors	17	626,527		430,474	
Cash at bank and in hand		<u>1,490,170</u>		<u>1,864,575</u>	
		2,119,333		2,297,062	
Liabilities					
Creditors: Amount falling due within one year	18	<u>1,063,321</u>		<u>1,012,862</u>	
Net current assets			<u>1,056,012</u>		<u>1,284,200</u>
Total assets less current liabilities			16,441,996		17,376,127
Defined benefit pension scheme liability	24		(5,443,000)		(6,333,000)
Total Net Assets			<u><u>10,998,996</u></u>		<u><u>11,043,127</u></u>
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	19	15,394,301		16,182,677	
General funds	19	107,799		109,220	
Pension reserve	19,24	<u>(5,443,000)</u>		<u>(6,333,000)</u>	
Total restricted funds	19		10,059,100		9,958,897
Unrestricted income funds					
General fund	19	<u>939,896</u>		<u>1,084,230</u>	
Total unrestricted funds			939,896		1,084,230
Total funds			<u><u>10,998,996</u></u>		<u><u>11,043,127</u></u>

The financial statements were approved by the trustees, and authorised for issue on 12 December 2018 and signed on their behalf by:



Stephen Wilkinson
Accounting Officer



Beth Curl
Chair of Trustees

Statement of Cash Flows for the Year Ended 31 August 2018

	2018	2017	
Reconciliation of net income/expenditure to net cash inflow from operating activities	£	£	
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(1,392,131)	(1,650,051)	
Adjusted for:			
Interest receivable	(1,063)	(1,227)	
Depreciation	909,892	917,360	
Asset cost disposed of during year	109,267	-	
Accumulated depreciation on disposed assets	(56,467)	-	
Cash transferred on conversion to an academy trust	-	-	
Assets transferred from predecessor school	-	-	
Investment asset transferred from predecessor school	-	-	
LGPS Pension transferred on conversion	-	-	
Capital grants from DfE and other capital income	(510,229)	(315,183)	
Decrease/(Increase)Increase in stocks	(623)	8	
Decrease/(Increase) in debtors	(196,053)	67,473	
Increase/(Decrease) in creditors	50,459	(329,914)	
Defined benefit pension scheme costs less contributions payable.	294,000	346,000	
Defined benefit pension scheme net finance costs	164,000	163,000	
Net cash provided by / (used in) operating activities	(628,948)	(802,534)	
Cash transferred on conversion to an academy trust			
Budget surplus / (deficit) on LA funds	-	-	
School trips on conversion	-	-	
School fund on conversion	-	-	
Net cash provided by / (used in) on conversion to an academy trust	-	-	
Cashflows from investing activities			
Receipts from sale of tangible fixed assets	-	-	
Payments to acquire tangible fixed assets	(256,749)	(39,148)	
Capital grants from DfE and other capital income	510,229	315,183	
Interest received	1,063	1,227	
Net cash provided by / (used in) investing activities	254,543	277,262	
Cashflows from financing activities			
Repayments of borrowing	-	-	
Cash from new borrowing	-	-	
Net cash provided by / (used in) financing activities	-	-	
Change in cash and cash equivalents in the reporting period	(374,405)	(525,272)	
Reconciliation of net cash flow to movement in net funds			
(Decrease) / increase in cash in the period	(374,405)	(525,272)	
Change in net funds	(374,405)	(525,272)	
Cash and cash equivalents at 1 September 2017	1,864,575	2,389,847	
Cash and cash equivalents at 31 August 2018	1,490,170	1,864,575	
Analysis of cash and cash equivalents	1 Sep 17	Cashflows	31 Aug 18
	£	£	£
Cash in hand and at bank	1,864,575	(374,405)	1,490,170
Total cash and cash equivalents	1,864,575	(374,405)	1,490,170

Notes to the Financial Statements for the Year Ended 31 August 2018

1. Statement of Accounting Policies

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

Basis of Preparation

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

The Queen Katherine School Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going Concern

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

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

• Grants Receivable

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

• Donations

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

• Other Income

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1. Statement of Accounting Policies (Continued)

- **Donated Services and Gifts in Kind**

Donated goods, facilities and services. Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Deferred Income

Grants and other funding received for the academy's educational activities for a period spanning the year end are deferred pro-rata to the relevant periods in order to match the funding to the period in which the costs of charitable activities are incurred.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are exclusive of irrecoverable VAT, which is posted as a separate cost.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**1. Statement of Accounting Policies (Continued)****Fixed Assets**

Assets costing £2,000 or more (multiple assets not included if individual assets are under £2,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful economic life as follows:

Freehold buildings	- straight line over the estimated economic life (8 to 50 years)
Plant and machinery	- straight line over the estimated economic life (15 years)
Furniture and equipment	- straight line over 10 years
ICT equipment	- straight line over 4 years
Motor vehicles	- 25% reducing balance

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

Assets purchased during the year are depreciated from the date they are brought into use. The depreciation is time apportioned.

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.

Investment Fixed Assets

Investment fixed assets are carried at fair value and are not depreciated. They are included in the restricted fixed asset fund and any unrealised or realised gains or losses on investments are included in the Statement of Financial Activities.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**Financial Instruments**

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK taxation purposes.

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

Pensions Benefits

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

Fund Accounting

Unrestricted funds reflect those resources which may be used towards meeting any of the objects of the academy at the discretion of the trustees.

Unrestricted designated funds consist of amounts allocated or designated for specific purposes. The use of designated funds for their designated purpose will remain at the discretion of the trustees.

Restricted fixed asset funds reflect the fixed assets and capital grants for the purchase of fixed assets to be used for charitable purposes.

Restricted general funds comprise grants, including the General Annual Grant (GAG), and other funding for educational purposes and any voluntary income to be used for specific purposes.

The Local Government Pension Scheme deficit is recognised against restricted general funds in order to match it against the GAG, in accordance with ESFA guidance.

Details of restricted and unrestricted funds are shown in the notes to the financial statements.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from 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. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates, assumptions and judgements

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

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 30, 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 annual depreciation charge is sensitive to the estimated useful economic lives of property. The useful economic lives of property, plant and equipment is initially based on the professional valuers report using their judgement and experience. The useful economic lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

2. Donations and capital grants	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
ESFA capital grants	-	370,229	370,229	315,183
Other capital grants	-	140,000	140,000	-
Donations	79,987	5,000	84,987	9,468
Gift in kind	-	-	-	-
	79,987	515,229	595,216	324,651
2017 total	9,468	315,183	324,651	
3. Funding for Academy's educational operations	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
DfE/ESFA Grants				
General Annual Grant (GAG)	-	9,835,841	9,835,841	10,405,856
Pupil Premium	-	397,643	397,643	429,381
Year 7 Catch Up	-	18,347	18,347	24,339
Other DfE/ESFA grants	-	75,030	75,030	67,061
Other Government Grants				
LA funds (Including Top-up SEN and Pupil Premium)	-	987,873	987,873	1,050,717
School Fund Income	10,859	30,147	41,006	35,745
Catering	368,613	-	368,613	371,617
Other Educational Operations				
Educational activities and visits	-	292,626	292,626	301,869
Other	9,243	96,457	105,700	93,101
	388,715	11,733,964	12,122,679	12,779,686
2017 total	395,692	12,383,994	12,779,686	
4. Other trading activities	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Lettings, room and All Weather Pitch (AWP) hire	91,582	-	91,582	104,141
Service provision	152,974	-	152,974	106,736
Primary Catering	40,088	-	40,088	44,088
	284,644	-	284,644	254,965
2017 total	254,965	-	254,965	
4a. Teaching School Income	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Grant Income	-	-	-	54,500
Lettings	-	-	-	2,015
Other Income	-	-	-	329,683
	-	-	-	386,198
2017 total	331,698	54,500	386,198	
5. Investment Income	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Bank interest receivable	1,063	-	1,063	1,227
	1,063	-	1,063	1,227
2017 total	1,227	-	1,227	

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6. Resources Expended	Staff Costs	Non Pay Expenditure Premises	Other Costs	2018 Total	2017 Total
	£	£	£	£	£
Expenditure on raising funds	182,745	42,667	20,044	245,456	211,773
Academy's educational operations					
Direct costs	8,175,513	766,732	499,602	9,441,847	10,001,886
Allocated support costs	2,103,162	1,311,114	935,351	4,349,627	4,434,761
Teaching School	-	-	-	-	373,942
Educational activities and school fund costs	20,911	-	337,892	358,803	374,416
	<u>10,482,331</u>	<u>2,120,513</u>	<u>1,792,889</u>	<u>14,395,733</u>	<u>15,396,778</u>
2017 total	<u>11,091,419</u>	<u>2,259,968</u>	<u>2,045,391</u>	<u>15,396,778</u>	

Incoming/Outgoing Resources for the Year Include:

	2018	2017
	£	£
This is stated after charging:		
Depreciation	909,892	917,360
Loss on disposal of fixed assets	52,800	-
Operating leases	49,400	48,963
Fees payable to current auditor	16,160	14,780
- audit of the financial statements		
- other assurance services	8,390	8,980
- other services	500	-

Included within expenditure are the following transactions

	Total £	Individual items above £5,000 Amount £	Reason
Cash losses	20,452	20,452	Walney school was subject to a cyber fraud for which the academy was unable to recover the bank payment made. See Statement on Regularity, Propriety and Compliance.

7. Expenditure on raising funds	Unrestricted Funds	Restricted Funds	2018 Total	2017 Total
	£	£	£	£
Teaching and educational support staff costs	49,283	-	49,283	60,016
Support staff costs	133,462	-	133,462	86,403
Heat and light	10,820	-	10,820	10,850
Rent and rates	5,033	-	5,033	5,053
Maintenance of premises and equipment	13,862	-	13,862	13,892
Cleaning	12,952	-	12,952	13,047
Catering	20,044	-	20,044	22,044
Other support costs	-	-	-	468
	<u>245,456</u>	<u>-</u>	<u>245,456</u>	<u>211,773</u>
2017 total	<u>211,773</u>	<u>-</u>	<u>211,773</u>	

7a. Teaching school expenditure	Unrestricted Funds	Restricted Funds	2018 Total	2017 Total
	£	£	£	£
Staff Costs	-	-	-	151,090
Premises costs	-	-	-	22,400
Other costs	-	-	-	200,452
	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,942</u>
2017 total	<u>319,442</u>	<u>54,500</u>	<u>373,942</u>	

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8. Charitable Activities	Unrestricted Funds	Restricted Funds	2018 Total	2017 Total
	£	£	£	£
Direct Costs - educational operations				
Teaching and educational support staff costs	-	8,175,513	8,175,513	8,718,688
Depreciation	-	713,932	713,932	738,574
Loss/(Profit) on disposal	-	52,800	52,800	-
Books, apparatus and stationery	-	180,134	180,134	200,734
Staff development	-	35,904	35,904	35,855
Examination fees	-	154,858	154,858	178,935
External Education Provision	-	17,410	17,410	37,710
Educational consultancy	-	34,590	34,590	18,980
Additional Pupil Premium costs	-	5,467	5,467	3,989
Other direct costs	-	71,239	71,239	68,421
	-	9,441,847	9,441,847	10,001,886
Support Costs - educational operations				
Support staff costs	186,813	1,916,349	2,103,162	2,060,104
Depreciation	-	195,960	195,960	178,786
Recruitment and support	-	39,187	39,187	39,109
Maintenance of premises	-	507,581	507,581	638,545
Equipment	-	66,021	66,021	57,031
Legal and professional	-	16,292	16,292	55,756
Cleaning	-	263,110	263,110	247,624
Rent and rates	-	58,836	58,836	60,006
Water Rates	-	55,153	55,153	66,412
Heat and light	-	165,218	165,218	157,435
Insurance	-	42,116	42,116	42,003
Security	-	6,848	6,848	9,585
Transport	-	84,380	84,380	80,888
Catering	164,879	45,213	210,092	212,431
Technology costs	-	224,275	224,275	197,018
Operating Leases				
Technology Costs	-	-	-	-
Photocopying	-	41,250	41,250	38,255
Other support costs	-	8,150	8,150	10,708
Photocopying	-	17,215	17,215	33,166
Bank Interest and Charges	-	5,155	5,155	5,265
Other support costs	-	43,500	43,500	41,186
	351,692	3,801,809	4,153,501	4,231,313
Educational activities and school fund costs				
Educational activities	-	271,715	271,715	286,751
Educational activities staff costs	-	20,911	20,911	15,118
School Fund expenditure	40,714	25,463	66,177	72,547
	40,714	318,089	358,803	374,416
Support costs - governance				
Legal and professional fees	-	7,576	7,576	16,688
Net finance costs in respect of defined benefit pension schemes	-	164,000	164,000	163,000
Other costs	-	-	-	-
Auditors remuneration	-	24,550	24,550	23,760
	-	196,126	196,126	203,448
Total direct and support costs	392,406	13,757,871	14,150,277	14,811,063
2017 total	380,572	14,430,491	14,811,063	

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

9. Staff

a. Staff costs

	2018	2017
	£	£
Staff costs during the period were:		
Wages and salaries	7,672,854	8,129,459
Social security costs	710,192	759,503
Pension costs	1,717,036	1,805,441
Apprenticeship Levy	23,347	10,793
	<u>10,123,429</u>	<u>10,705,196</u>
Supply staff costs	260,166	343,753
Staff restructuring costs	98,736	42,470
	<u>10,482,331</u>	<u>11,091,419</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	98,736	42,470
Other restructuring costs	-	-
	<u>98,736</u>	<u>42,470</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £36,502 (2017: £nil). Individually, the payments were: £3,188, £1,555, £7,000, £17,859, £1,320, £773, £4,807.

c. Staff numbers

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

	2018	2017
	No	No
Charitable Activities		
Teachers	112	122
Administration and support	189	220
Management	16	19
	<u>317</u>	<u>361</u>

d. Higher paid staff

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

	2018	2017
	No	No
£60,001 - £70,000	3	3
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1
£90,001 - £100,000	0	0
£100,001 - £110,000	1	1
	<u>7</u>	<u>7</u>

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £467,156 (2017: £582,039).

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

10. Central Services

The academy trust has provided the following central services to its academies during the year:

- human resources
- financial services
- Health and safety and facilities management
- legal services
- educational support services
- professional services

The trust charges for these services on the following basis:

- other basis (management decided % split between academies)
- Each academy was charged a £55,000 lump sum, plus 2.2% of estimated GAG income for the year.

The actual amounts charges during the year were as follows:

	2018	2017
	£	£
The Queen Katherine School	180,583	168,953
Walney School	125,832	128,789
George Hastwell School	78,726	63,291
	<u>385,141</u>	<u>361,033</u>

11. Transfers Between Funds

Restricted general funds

General Annual Grant (GAG)

Unrestricted general funds contributions towards GAG deficit	172,951
Fixed assets purchased by GAG	(5,095)
Unrestricted catering fund overhead contribution	<u>16,921</u>

184,777

Restricted fixed asset funds

Fixed assets used for charitable purposes

Purchases from EFA formula capital grant	-
Purchases from EFA capital maintenance fund	35,646
Purchases from GAG	5,095
Purchases from capital grants	145,000
Purchases from All Weather Pitch designated fund	52,828
Purchases from unrestricted general funds	<u>18,180</u>

256,749

Fixed Assets purchasesd from capital grants

(145,000)

Capital purchases from EFA capital maintenance fund

(35,646)

76,103

Unrestricted funds

Unrestricted general funds

Fixed assets purchased	(18,180)
Contributions towards GAG deficits	<u>(172,951)</u>

(191,131)

Purchases from All Weather Pitch designated fund

(52,828)

Unrestricted catering fund to the General Annual Grant restricted general fund to cover the overhead costs that could not be directly allocated on a consistent basis (net transfer across academies).

(16,921)

(260,880)

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

12. Related Party Transactions - Trustees' Remuneration and Expenses

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. The executive headteacher, headteachers and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

S Wilkinson (Chief Executive Officer and trustee):

Remuneration	£50,001 - £55,000	(2017: £75,001 - £80,000)
Employer's pension contributions	£5,001 - £10,000	(2017: £10,001 - £15,000)

During the year ended 31 August 2018 there was £Nil (2017: £Nil) travel and subsistence expenses reimbursed to the trustees.

Other related party transactions involving the trustees are set out in a separate note.

13. Trustees' and Officers' Insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000.

It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

Notes to the Financial Statement for the Year Ended 31 August 2018

14. Tangible Fixed Assets

	Freehold Land & Buildings	Long Leasehold Land & Buildings	Plant & Machinery	Furniture & Equipment	ICT Equipment	Motor Vehicles	Total
Cost	£	£	£	£	£	£	£
As at 1 September 2017	6,976,720	6,623,151	6,026,046	402,197	333,860	27,000	20,388,974
Assets on conversion	-	-	-	-	-	-	-
Additions	197,828	-	35,646	6,680	16,595	-	256,749
Disposals	(109,267)	-	-	-	-	-	(109,267)
As at 31 August 2018	<u>7,065,281</u>	<u>6,623,151</u>	<u>6,061,692</u>	<u>408,877</u>	<u>350,455</u>	<u>27,000</u>	<u>20,536,456</u>
Depreciation							
As at 1 September 2017	1,407,823	569,746	1,932,622	185,347	289,696	11,813	4,397,047
Charge in year	219,751	200,728	404,135	40,357	41,124	3,797	909,892
Disposals	(56,467)	-	-	-	-	-	(56,467)
As at 31 August 2018	<u>1,571,107</u>	<u>770,474</u>	<u>2,336,757</u>	<u>225,704</u>	<u>330,820</u>	<u>15,610</u>	<u>5,250,472</u>
Net book values							
As at 31 August 2018	<u>5,494,174</u>	<u>5,852,677</u>	<u>3,724,935</u>	<u>183,173</u>	<u>19,635</u>	<u>11,390</u>	<u>15,285,984</u>
As at 1 September 2017	<u>5,568,897</u>	<u>6,053,405</u>	<u>4,093,424</u>	<u>216,850</u>	<u>44,164</u>	<u>15,187</u>	<u>15,991,927</u>

Asset Under Construction

The academy had an asset under construction at the year end for the new All Weather Pitch. This is included within Freehold Land & Buildings at a value of £197,828.

Land valuation

The trustees have valued the land at £1 for each academy in the MAT. This valuation reflects the fact that the land is tied specifically to educational use. No account has been taken in any potential development value.

Lease arrangements

The academy has a 125 year lease with Cumbria County Council for the land and buildings of Walney school, which commenced on 1 September 2014.

The academy has a 125 year lease with Cumbria County Council for the land and buildings of George Hastwell school, which commenced on 1 September 2015.

Condition Improvement Fund (CIF) projects

During the year the academy trust incurred expenditure on various projects which were funded by ESFA Condition Improvement Grants. The full cost of these projects have been treated as resources expended in the Statement of Financial Activities and are included within maintenance of premises other than the £35,646 plant and machinery addition.

Notes to the Financial Statement for the Year Ended 31 August 2018**14. Tangible Fixed Assets (continued)****Valuation Details****The Queen Katherine School**

Included within freehold buildings and plant and machinery are the following assets which were transferred on conversion to an academy. The freehold buildings, integral features and the plant and machinery were valued at 'build costs' of £11,649,701, £2,285,006 and £907,610 respectively on 23 June 2011 by Gary A Bushell, FRICS, AMAE of Bushell Raven Limited who is independent of the charitable company. The valuation by Gary A Bushell was based on the estimated rebuild costs, which the trustees have amended downwards to get to the Existing Use Value using a depreciated replacement cost approach. Under this approach the buildings were valued at £5,682,023 at the date of conversion with integral features and plant and machinery remaining unchanged at £2,285,006 and £907,610 respectively.

The Sandgate building which was transferred to the academy in the year ended 31 August 2012 was valued on 23 June 2011 by Gary A Bushell, FRICS, AMAE of Bushell Raven Limited who is independent of the charitable company. The freehold buildings, integral features and the plant and machinery were valued at 'build costs' of £772,632, £231,790 and £99,338 respectively.

The trustees note that the valuation date is later than the date of conversion on 01 April 2011, but believe that the valuation will not be any different at the conversion date compared to the valuation date.

Walney School

In addition to the assets on conversion above there was also assets valued at £312,100 which fall below the capitalisation policy of the academy which have not been recognised.

Included within leasehold buildings and plant and machinery are the following assets which were transferred on conversion to an academy. The freehold buildings, integral features and the plant and machinery were valued at 'build costs' of £12,337,677, £1,314,156 and £752,648 respectively on 24 June 2014 by Gary A Bushell, FRICS, AMAE of Bushell Raven Limited who is independent of the charitable company. The valuation by Gary A Bushell was based on the estimated rebuild costs, which the trustees have amended downwards to get to the Existing Use Value using a depreciated replacement cost approach. Under this approach the buildings were valued at £5,670,499 at the date of conversion with integral features and plant and machinery remaining unchanged at £1,314,156 and £752,648 respectively.

The trustees note that the valuation date is earlier than the date of conversion on 01 September 2014, but believe that the valuation will not be any different at the conversion date compared to the valuation date.

George Hastwell School

In addition to the assets on conversion above there was also assets valued at £107,373 which fall below the capitalisation policy of the academy which have not been recognised.

Included within leasehold buildings and plant and machinery are the following assets which were transferred on conversion to an academy. The freehold buildings, integral features and the plant and machinery were valued at 'build costs' of £2,148,440, £230,572 and £149,129 respectively on 12 June 2015 by Gary A Bushell, FRICS, AMAE of Bushell Raven Limited who is independent of the charitable company. The valuation by Gary A Bushell was based on the estimated rebuild costs, which the trustees have amended downwards to get to the Existing Use Value using a depreciated replacement cost approach. Under this approach the buildings were valued at £952,650 at the date of conversion with integral features and plant and machinery remaining unchanged at £230,572 and £149,129 respectively.

The trustees note that the valuation date is earlier than the date of conversion on 01 September 2015, but believe that the valuation will not be any different at the conversion date compared to the valuation date.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15. Fixed Asset Investments

Movement in fair value (market value)	2018 £	2017 £
Fair value (market value) at 1 September 2017	100,000	100,000
Acquisitions at cost	-	-
Movement in fair value in the year	-	-
Fair value (market value) at 31 August 2018	100,000	100,000

Analysis of investments at 31 August 2016 between funds

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2018 £	Total Funds 2017 £
UK Property	-	-	100,000	100,000	100,000

The investment represents the school site house. It was transferred from the local authority on conversion when Walney school joined the MAT. The open market value as at 1 September 2014 was £100,000, this valuation was made by the trustees. The trustees consider that the property's current market value has not significantly changed since 1 September 2014.

16. Stock	2018 £	2017 £
Catering	2,468	1,845
Uniforms	168	168
	2,636	2,013

17. Debtors	2018 £	2017 £
Trade debtors	43,729	28,886
VAT recoverable	235,492	134,898
Prepayments	122,073	108,187
Accrued income	224,163	157,433
Other debtors	1,070	1,070
	626,527	430,474

18. Creditors: Amounts Falling due Within One Year	2018 £	2017 £
Trade creditors	371,812	407,788
Taxation and social security	181,217	186,055
Sundry creditors	171,548	189,445
ESFA creditor	63,507	58,098
Accruals and deferred income	275,237	171,476
	1,063,321	1,012,862

Deferred Income	2018 £	2017 £
Accruals and deferred income includes:		
Deferred income at 1 September 2017	81,305	391,823
Resources deferred in the year	64,115	81,305
Amounts released from previous years	(81,305)	(391,823)
Deferred income at 31 August 2018	64,115	81,305

Deferred income comprises:

LA funded statements and top ups	15,123
ESFA rates for the period September 2018 to March 2019	33,984
School trips income for future trips	5,332
Train passes income received in relation to the 2018/19 academic year	9,676
	64,115

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

19. Funds	Balance at 01-Sep 2017 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2018 £
Restricted General Funds					
General Annual Grant (GAG)	84,412	9,835,841	(10,026,723)	184,777	78,307
Pupil Premium	-	397,643	(397,643)	-	-
Other DfE/ESFA grants	-	75,030	(75,030)	-	-
LA funds	-	987,873	(987,873)	-	-
Teaching School	-	-	-	-	-
Educational activities and visits	-	292,626	(292,626)	-	-
School Funds	24,808	30,147	(25,463)	-	29,492
Other restricted general funds	-	114,804	(114,804)	-	-
	<u>109,220</u>	<u>11,733,964</u>	<u>(11,920,162)</u>	<u>184,777</u>	<u>107,799</u>
Restricted Fixed Asset Funds					
Fixed assets used for					
Charitable purposes	15,991,927	-	(962,692)	256,749	15,285,984
Fixed asset investment	100,000	-	-	-	100,000
Devolved formula capital	-	46,578	(46,578)	-	-
Capital grants and donations	-	145,000	-	(145,000)	-
EFA capital maintenance fund 2017/18	90,750	(3,581)	(87,169)	-	-
EFA capital maintenance fund 2018/19	-	327,232	(283,269)	(35,646)	8,317
	<u>16,182,677</u>	<u>515,229</u>	<u>(1,379,708)</u>	<u>76,103</u>	<u>15,394,301</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(6,333,000)	-	(458,000)	1,348,000	(5,443,000)
Total Restricted Funds	<u>9,958,897</u>	<u>12,249,193</u>	<u>(13,757,870)</u>	<u>1,608,880</u>	<u>10,059,100</u>
Unrestricted Funds					
Unrestricted general funds	827,586	369,418	(230,313)	(191,131)	775,560
Unrestricted school funds	91,114	10,859	(40,714)	-	61,259
Catering fund	-	368,613	(351,692)	(16,921)	-
All Weather Pitch designated fund	165,530	5,520	(15,144)	(52,828)	103,078
Teaching School	-	-	-	-	-
Pension deficit set aside designated fund	-	-	-	-	-
Total Unrestricted Funds	<u>1,084,230</u>	<u>754,409</u>	<u>(637,863)</u>	<u>(260,880)</u>	<u>939,896</u>
Total Funds	<u>11,043,127</u>	<u>13,003,602</u>	<u>(14,395,733)</u>	<u>1,348,000</u>	<u>10,998,996</u>

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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

General Annual Grant (GAG) fund

This represents the core funding for the educational activities of the schools that has been provided to the multi academy trust via the Educational & Skills Funding Agency (ESFA).

Pupil Premium

This represents funding paid by the DfE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with more advantaged students.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

LA Funds

This represents funding paid by Cumbria County Council to support a continuum of provision for students with special educational needs (SEN), learning difficulties and disabilities. This also includes the top up funding not received from the ESFA for George Hastwell school.

Teaching School Restricted

This represents grants paid from National College for Teaching and Leadership subject to specific conditions documented in individual funding offer letters.

School Funds

This represents restricted contributions to be extended on specific projects, activities and materials for the benefit of the pupils.

Educational Activities and visits

This represents mainly parental contributions. Voluntary income and educational income to be expended on specific projects, activities and materials for the benefit of the pupils.

All Weather Pitch

This represents funding paid by external users of the all weather pitch, a designated fund to be used for the replacement of the pitch.

Catering

This represents funding relating to the provision of school meals to students and staff.

Teaching School Unrestricted

This represents funding generated by service provision from teaching school.

Funds in Deficit

Pension Reserve Fund - this fund represents the deficit on the Local Government Pension Scheme (LGPS) at the year end.

The multi academy trust has entered into agreements effective from 01 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 01 April 2017.

Analysis of academies by fund balance

Fund balance at 31 August 2018 were allocated as follows:

	2018	2017
	£	£
The Queen Katherine School	649,118	729,956
Walney School	201,477	317,828
George Hastwell	141,467	103,561
Central Services	55,633	42,105
Total before fixed assets and pension reserve	<u>1,047,695</u>	<u>1,193,450</u>
Restricted fixed asset fund	15,394,301	16,182,677
Pension reserve	<u>(5,443,000)</u>	<u>(6,333,000)</u>
Total	<u>10,998,996</u>	<u>11,043,127</u>

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding dep'n)	2018	2017
	£	£	£	£	£	£
Queen Katherine School	4,383,076	1,244,335	286,760	1,229,596	7,143,767	8,137,396
Walney School	2,631,791	559,452	110,479	728,045	4,029,767	4,343,110
George Hastwell	1,151,293	185,055	79,220	433,913	1,849,481	1,624,683
Central Services	58,636	268,693	23,143	59,554	410,026	374,230
Academy Trust	8,224,796	2,257,535	499,602	2,451,108	13,433,041	14,479,419

Comparative information in respect of the preceeding period is as follows:

	Balance at 01-Sep 2016	Incoming resources	Resources expended	Gains, Losses and Transfers	Balance at 31-Aug 2017
	£	£	£	£	£
Restricted General Funds					
General Annual Grant (GAG)	-	10,405,856	(10,439,445)	118,001	84,412
Pupil Premium	-	429,381	(429,381)	-	-
Other DfE/ESFA grants	-	67,061	(67,061)	-	-
LA funds	-	1,050,717	(1,050,717)	-	-
Teaching School	-	54,500	(54,500)	-	-
Educational activities and visits	-	301,869	(301,869)	-	-
School Funds	39,609	22,151	(36,952)	-	24,808
Other restricted general funds	-	106,959	(106,959)	-	-
	39,609	12,438,494	(12,486,884)	118,001	109,220
Restricted Fixed Asset Funds					
Fixed assets used for					
Charitable purposes	16,870,138	-	(917,360)	39,149	15,991,927
Fixed asset investment	100,000	-	-	-	100,000
Devolved formula capital	-	47,994	(47,994)	-	-
Gift in kind	-	-	-	-	-
EFA capital maintenance fund 2016/17	343,167	-	(347,314)	4,147	-
EFA capital maintenance fund 2017/18	-	267,189	(176,439)	-	90,750
	17,313,305	315,183	(1,489,107)	43,296	16,182,677
Restricted Pension Reserve Funds					
Pension reserve fund	(7,285,000)	-	(509,000)	1,461,000	(6,333,000)
Total Restricted Funds	10,067,914	12,753,677	(14,484,991)	1,622,297	9,958,897
Unrestricted Funds					
Unrestricted general funds	667,710	256,307	(196,454)	100,023	827,586
Unrestricted school funds	113,115	13,594	(35,595)	-	91,114
Catering fund	-	371,617	(344,976)	(26,641)	-
All Weather Pitch designated fund	161,016	19,834	(15,320)	-	165,530
Teaching School	142,423	331,698	(319,442)	(154,679)	-
Pension deficit set aside designated fund	80,000	-	-	(80,000)	-
Total Unrestricted Funds	1,164,264	993,050	(911,787)	(161,297)	1,084,230
Total Funds	11,232,178	13,746,727	(15,396,778)	1,461,000	11,043,127

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20. Analysis of Net Assets Between Funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	15,285,984	15,285,984
Tangible fixed assets investment			100,000	100,000
Current assets	939,896	1,171,120	8,317	2,119,333
Current liabilities		(1,063,321)		(1,063,321)
Pension scheme liability	-	(5,443,000)	-	(5,443,000)
Total Net Assets	939,896	(5,335,201)	15,394,301	10,998,996

Comparative information in respect of the preceeding period is as follows:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	15,991,927	15,991,927
Tangible fixed assets investment			100,000	100,000
Current assets	1,084,230	1,122,082	90,750	2,297,062
Current liabilities		(1,012,862)		(1,012,862)
Pension scheme liability	-	(6,333,000)	-	(6,333,000)
Total Net Assets	1,084,230	(6,223,780)	16,182,677	11,043,127

21. Financial Commitments

Operating Leases

2018
£

2017
£

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

Assets other than land and buildings		
Amounts due within one year	34,541	40,431
Amounts due between two and five years inclusive	74,537	103,089
Amounts due after five years	-	-
	109,078	143,520

22. Capital Commitments

2018
£

2017
£

Contracted for, but not provided in the financial statements

69,803	90,750
69,803	90,750

At the year end George Hastwell School had entered into a contract for CIF project works. The academy was committed to a further cost of £8,317 at the year end. The capital element and repairs element is £nil and £8,317 respectively. At the year end Queen Katherine School was committed to completing the All Weather Pitch project and had entered into a contract for the project works. The academy was committed to a further cost of £61,486 at the year end. The capital element and repairs element is £61,486 and £nil respectively.

23. Members' Liability

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

Notes to the Financial Statements for the Year Ended 31 August 2018

24. Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions payable to the schemes at 31 August and included in creditors were as follows:

	2018 £	2017 £
Teachers' Pension Scheme	103,294	110,525
Local Government Pension Scheme	50,677	49,811
	<u>153,971</u>	<u>160,336</u>

The total pension costs to the academy during the year ended 31 August and included in staff costs were as follows:

	2018 £	2017 £
Teachers' Pension Scheme	789,896	856,905
Local Government Pension Scheme	439,190	470,475
Local Government Pension Scheme deficit recovery	193,950	132,061
LGPS current service cost/contributions adjustment	294,000	346,000
	<u>1,717,036</u>	<u>1,805,441</u>

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies 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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

24. Pension and similar obligations (Continued)

Valuation of the Teachers' Pension Scheme (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, 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 and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £789,896 (2017: £856,905).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the period were as follows:

	2018	2017
	£	£
Employer's contributions	927,140	948,536
Employees' contributions	159,884	161,079
Total contributions	<u>1,087,024</u>	<u>1,109,615</u>

The agreed contribution rates for future years are as follows:

The Queen Katherine School - 16.1% for employers and 5.5% to 12.5% for employees.

Walney School - 16.9% for employers and 5.5% to 12.5% for employees.

George Hastwell School - 17.0% for employers and 5.5% to 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 an academy closure, outstanding LGPS liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013.

At the balance sheet date the scheme is in deficit. The Academy has entered into an agreement effective from 1 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 1 April 2017, including £192,200 in the year ended 31 March 2018, £196,400 in 2018-19 and £200,700 in 2019-20.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24. Pension and similar obligations (Continued)

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Inflation assumption (CPI)	2.10%	2.20%
Rate of increase in salaries	3.60%	3.70%
Rate of increase for pensions in payment / inflation	2.20%	2.20%
Discount rate for scheme liabilities	2.80%	2.50%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.2	23.1
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.5	25.4
Females	28.5	28.4

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	3,686,000	3,222,000
Government bonds	1,324,000	1,196,000
Other bonds	477,000	420,000
Property	688,000	532,000
Cash / liquidity	447,000	355,000
Other	947,000	848,000
Total market value of assets	7,569,000	6,573,000
Present value of scheme liabilities		
- Funded	(13,012,000)	(12,906,000)
- Unfunded	-	-
Surplus/(deficit) in the scheme	(5,443,000)	(6,333,000)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The actual return on scheme assets in the period was £338,000 (2017: £412,000).

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

24. Pension and similar obligations (Continued)

Sensitivity analysis

The table below, as produced by Mercer sets out the impact of a small change in assumptions on the defined benefit obligation.

		At 31 August 2018		At 31 August 2017
	Deficit	Change	Deficit	Change
Discount rate +0.1%	5,160,000	(283,000)	6,052,000	(281,000)
CPI rate +0.1%	5,733,000	290,000	(5,443,000)	288,000
Pay growth +0.1%	5,501,000	58,000	(5,443,000)	66,000
Mortality assumption - 1 year increase	5,672,000	229,000	(5,443,000)	227,000

Amounts recognised in the Statement of Financial Activities are as follows:

	2018 £	2017 £
Current service cost (net of employee contributions)	(926,000)	(948,000)
Administrative expenses	(16,000)	(16,000)
Net Interest cost	(148,000)	(147,000)
Total operating charge	<u>(1,090,000)</u>	<u>(1,111,000)</u>

Analysis of other recognised gains and (losses)

Remeasurements (liabilities)	1,178,000	343,000
Remeasurements (assets)	170,000	1,118,000
Total charge	<u>1,348,000</u>	<u>1,461,000</u>

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

	2018 £	2017 £
At 01 September 2017	12,906,000	12,071,000
Current service cost	926,000	948,000
Interest cost	318,000	253,000
Employee contribution	159,000	161,000
Actuarial (gains)/losses - remeasurements	(1,178,000)	(343,000)
Benefits/transfers paid	(119,000)	(184,000)
Business combinations	-	-
Benefit obligation at 31 August 2018	<u>13,012,000</u>	<u>12,906,000</u>

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

	2018 £	2017 £
At 01 September 2017	6,573,000	4,786,000
Return on plan assets	170,000	106,000
Administrative expenses	(16,000)	(16,000)
Actuarial gain/(losses) - remeasurements	170,000	1,118,000
Employer contributions	632,000	602,000
Employee contribution	159,000	161,000
Benefits/transfers paid	(119,000)	(184,000)
Business combinations	-	-
Closing fair value of scheme assets at 31 August 2018	<u>7,569,000</u>	<u>6,573,000</u>

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25. Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place within organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transactions

The following related party transactions took place in the period of account:

The academy trust paid £610 for professional advice to Burnetts Solicitors for whom, the company secretary Michael James Walby, has a close connection.

- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook.

26. Subsidiary

QKS Meadowview Nursery Limited is a wholly owned subsidiary of the academy as it owns 100% of the ordinary share capital. The directors of QKS Meadowview Nursery Limited are S Wilkinson, S Pooley and P Townley.

Section 404 Companies Act 2006 requires group accounts to include a consolidated balance sheet and consolidated profit and loss account. The Queen Katherine School Multi Academy Trust has a subsidiary, QKS Meadowview Nursery Limited, which has been excluded from these accounts under section 405 Companies Act 2006 on the grounds that its inclusion is not material for the purpose of giving a true and fair view.

- The academy received rental income totalling £12,000 (2017: £12,000), recharged expenses totalling £3,162 (2017: £2,706), services totalling £5,241 (2017: £5,100) to the nursery on a cost basis and received a donation from the Nursery in the sum of £60,000 (2017: £Nil) in the year. At the year end sales invoices totalling £1,203 (2017: £Nil) were outstanding.
- The rent payable is at arms length, the rental value was calculated by an independent valuer (Hyde Harrington). None of the trustees participated in, nor influenced this valuation.
- In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

27. Agency Arrangements

The academy acts as an intermediary for the following agency arrangements, but has no responsibility for them. The receipts and payments during the year have been excluded from the statement of financial activities. An amount is included in other creditors relating to undistributed funds that is repayable as shown below:

	16-19 Bursary
Fund balance at 31 August 2017	38,698
Receipts from ESFA during the year	18,783
Distributions during the year	(13,374)
Fund balance at 31 August 2018	<u>44,107</u>

16-19 Bursary Fund

The academy trust distributes the 16-19 bursary funds to students as an agent for the ESFA