

REGISTRAR OF COMPANIES

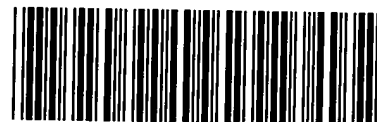
Kennet School Academies Trust

Annual Report and Financial Statements

Year to 31 August 2016

Company Limited by Guarantee
Registration Number
07543874 (England and Wales)

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Reference and administrative information Year to 31 August 2016

Members	Prof D S Mottram Mr M Parsons
Members and Directors	Mrs S Nicholls Reverend M Bennet Mr N Beach
Directors	Mr N Cornish Dr E Crossman Mr P G Dick Mrs R Ebdon Mrs M Harrison Mr C Heslop Mr M Irving Mr M Keogh
Senior Management Team	Mr P G Dick Ms B McNally Mrs G Piper Mr C Ellison Mrs K Odenwälder Miss T Dowling Mr M Irving Mr S Morsley Mrs M Phillips Mrs A Thorogood
Executive Headteacher and Accounting Officer	Mr P G Dick
Principal and registered office	Kennet School Stoney Lane Thatcham Berkshire RG19 4LL
Company registration number	07543874 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information Year to 31 August 2016

Bankers HSBC
6 Northbrook Street
Newbury
Berkshire
RG14 1DJ

Solicitors Veale Wasbrough Vizards LLP
Orchard Court
Orchard Lane
Bristol
BS1 5WS

Directors' report Year to 31 August 2016

The Directors of Kennet School Academies Trust (the Trust) present their statutory report and financial statements for the year ended 31 August 2016. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes the directors' report for the purposes of Companies Act 2006. Sections on 'achievements and performance', 'financial review', 'principal risks and uncertainties' and 'plans for future years', included within the directors' report, meet the requirements for a strategic report as outlined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 32 of the attached financial statements and comply with the Trust's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

The Trust is a company limited by guarantee (Company registration no. 07543874). Initially incorporated on 25 February 2011 as a single academy known as Kennet School, on 1 January 2014 the Trust became a Multi-Academy Trust, incorporating Whitelands Park Primary, a feeder school. The Trust is also an exempt charity. The Memorandum and Articles of Association dated 1 January 2014 and master funding agreement entered into in December 2013 and executed on 10 May 2016, alongside separate supplemental funding agreements for each Academy within the Trust, including a deed of variation for the supplemental funding agreement for Whitelands Park executed 28 August 2016 (amending its capacity to 419) are the primary governing documents of the Trust.

The Members of the Trust comprise the signatories to the Trust's memorandum of association, the chairman of the Directors and any person appointed by article 16 of the articles of association. The Articles of Association require there to be no less than three Members.

The principal activity of the Trust is specifically restricted 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.

Members' liability

Every Member of the Trust undertakes to contribute to the assets of the Trust 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, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

Directors' report Year to 31 August 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The structure of the Trust consists of a Board of Directors who manage the affairs of the Trust and are responsible for its day to day running under company law. The number of Directors is not subject to any maximum but again the Articles of Association require that there are no less than three Directors.

The following were in office and served throughout the year ended 31 August 2016 except as noted:

Members	Appointed	Resigned
Professor DS Mottram (Chairman of the Trust) (Resigned as Director 1 April 2016)		
Mr M Parsons	1 April 2016	
Members and Directors	Appointed	Resigned
Mrs S Nicholls (Vice-Chair of Trust & Chair of Directors)		
Reverend M Bennet (Vice-Chairman of Directors)		
Mr N Beach		
Directors	Appointed	Resigned
Mr N Cornish		
Dr E Crossman	1 April 2016	
Mr PG Dick (Executive Headteacher)		
Mrs R Ebdon	7 October 2016	
Mrs M Harrison	7 October 2016	
Mr C Heslop		
Mr M Irving (Staff)		
Mr M Keogh (Staff)	1 April 2016	
Mr G Warham (Staff)		31 January 2016

The day to day running of the Trust is delegated to the Executive Headteacher, supported by the Senior Leadership Teams at both Academies and the Bursar.

Senior Leadership Team (Kennet)

Mr P G Dick	Executive Head
Ms B McNally	Deputy Headteacher
Mrs G Piper	Deputy Headteacher
Mr C Ellison	Deputy Headteacher
Mrs K Odenwälder	Assistant Headteacher
Miss T Dowling	Assistant Headteacher

Senior Leadership Team (Whitelands Park)

Mr M Irving	Headteacher
Mr S Morsley	Deputy Headteacher
Mrs M Phillips	Assistant Headteacher
Mrs A Thorogood	Assistant Headteacher

Bursar

Mrs A J Humphreys	Bursar
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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors' remuneration

No Director received any remuneration in respect of their duties as Directors during the year ended 31 August 2016. Mr P G Dick was remunerated in his position as Executive Headteacher, Mr G Warham and Mr M Keogh were remunerated as employees of Kennet School and Mr M Irving as an employee of Whitelands Park Primary School.

Honorary officers

The Board of Directors reappointed Dr C C Smith Honorary Vice-Chairman for a further four years and this ends at the end of academic year 2019/20. This appointment was in recognition of his continued support and advice to Directors.

Directors' organisation, recruitment, appointment and training

The Articles of Association define that the Trust shall have the following number and classes of Directors:

- ◆ Up to 9 Directors appointed by the members;
- ◆ The Executive Headteacher;
- ◆ Any Staff Directors, if appointed by the members under Article 50A; and
- ◆ A minimum of 2 Parent Directors unless there are Local Governing Bodies which include at least 2 parent governors.

The Trust may also have any Co-opted Director appointed under Article 58. The Trust had no Co-opted Directors during or at the year ended 31 August 2016.

As both Academies within the Trust have Local Governing Bodies which include at least two parent governor representatives, all Directors of Kennet School Academies Trust, in the table listed above are appointed Directors, except for those whose class is listed.

Key considerations for appointment of Directors include personal competence, professional and specialist skills and a deep commitment to the Trust. New Directors undertake induction to the workings of the Trust. Training is offered to all Directors and is provided through a number of sources. Directors, with the exception of the Headmaster, are appointed for a four year term. At the end of this period they can offer themselves for re-appointment.

The Directors meet at least three times a year. The Directors have delegated powers and duties to the work of committees, but not responsibility, nor any reserved matters which always remain the remit of the Directors. The Trust has a Finance Committee.

Members are ex-officio members of all Committees and this is in addition to their responsibility to meet at least once a year at the AGM.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors' organisation, recruitment, appointment and training (continued)

Each Academy in the Trust has its own Local Governing Body which is chaired by a Director. The Directors' Finance Committee and the Local Governing Bodies always meet prior to a Trust meeting to provide timely reporting and monitoring to the Directors.

Other committees of the Trust that are formed as required cover disciplinary matters and appeals.

Directors' indemnities

Subject to the provisions of the Companies Act 2006 every Director or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust. Indemnity insurance is in place, held by the Trust.

Arrangements for setting pay and remuneration of key management personnel

The setting of pay and remuneration for the Executive Head is undertaken by the Members of the Trust in consultation with external specialist advice. This panel review and appraise the Executive Head's performance, set objectives and determine his pay. The Executive Head and Chair of Directors undertake the review for the Headteacher at Whitelands Park and set his pay. All other pay reviews of senior staff at Kennet are delegated to the Executive Head. Pay reviews of senior staff at Whitelands Park are delegated to the Whitelands Park Headteacher.

Related Parties and other Connected Charities and Organisations

Both schools in the Trust benefit enormously from the activities and donation of funds raised by volunteers that comprise Kennet PTA (registered Charity Number 1106961), Friends of Kennet Music (FoKM) and Friends of Whitelands (FoW). All are unincorporated charities.

OBJECTIVES AND ACTIVITIES

Objectives

When setting the objectives of the Trust for the period, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education.

The core purpose of the Trust is to inspire confident learners who thrive in a changing world, achieved through three key priorities:

OBJECTIVES AND ACTIVITIES (continued)

Objectives (continued)

- ◆ Outstanding achievement for all pupils.
 - ◇ All pupils achieve well above national expectations for their age and prior attainment. All pupils make excellent progress. No exceptions.
 - ◇ Teaching is informed by robust assessment data which leads to outstanding progress.
 - ◇ Rapid progress made by all pupils in each and every lesson.
- ◆ All pupils are outstanding learners.
 - ◇ Pupils respond to timely and effective feedback on their learning and homework deepens every pupil's effective understanding outside of lessons.
 - ◇ Pupils take full responsibility for the own learning and demonstrate a passion and love of learning that shows both curiosity and enthusiasm.
 - ◇ Parents understand the curriculum, the schools' approach to assessment and receive regular information on the progress of their child and know how to use it and electronic resources to support their children's learning.
 - ◇ High quality teaching which facilitates independent learning is seen consistently throughout both schools in the Trust.
 - ◇ Pupils develop a social awareness and responsibility reflecting on how we all work and live together including an understanding of British values and their worldwide context.
- ◆ Outstanding environment for learning.
 - ◇ Both schools in the Trust provide caring, safe, well-resourced and vibrant environments for learning.
 - ◇ All staff and pupils adopt exemplary standards of courtesy and respect towards each other and the school facilities
 - ◇ A wide range of extra-curricular activities reflects our pupil's diverse interests and secures high levels of engagement from all.

Aims and intended impact

Within these objectives, the Trust's high expectations and ambition is for all pupils to experience success and give them opportunities to be aware of, to explore and to develop their potential as fully as possible, so that all pupils make a success of their work and life as members of society, to be able to contribute positively to society and be prepared to become involved in its development. No exceptions.

STRATEGIC REPORT

Achievements and performance

The key items of note are:

- ◆ Kennet reclaimed its Outstanding judgement following an Ofsted Inspection 11 and 12 May 2016 and was ranked in top 4% of schools at GCSE on progress.
- ◆ Whitelands Park was ranked 3rd of all schools in West Berkshire for its results at KS1.

Going concern

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

Financial review

Financial report for the year

Kennet School Academies Trust presents its report and financial statements for the period 1 September 2015 to 31 August 2016.

At 31 August 2016, the Trust holds fixed assets of £22,957k, cash of £660k (£312k held in private fund balances.) The uncrystallised LGPS pension liability has grown to £4,622k from £2,387k. The Directors do not, under their reserves policy, need to designate any of their existing funds to meet future pension commitments. The actuarial valuation of the pension liability was fully reviewed at the 31 March 2014 LGPS triennial pension funding valuation, as opposed to the accounting valuation reported within these financial statements. The funding valuation confirmed the employer contribution level from April 2014 is at the same level as the Trust had been paying since initial conversion in April 2011. This position is supported by actuarial advice sought and the Parliamentary Minute that provides for a guarantee by the Department for Education to meet any outstanding LGPS liabilities in the event of an academy closure. The guarantee came into force on 18 July 2013.

During the year ended 31 August 2016 total expenditure in the Trust of £13,166k (2015 - £13,335k), including the depreciation charge, was not fully covered by income comprising both grant funding from the Education Funding Agency (EFA) and other income. Income for the year amounted to £11,904k (2015 - £12,395k). The in year excess of expenditure over income net of depreciation was a deficit of (£333k) (2015 - £51k); this is a significant decrease on last year reflecting the tighter funding the Trust faces during this period of challenging public finances.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy

Reserves are held by the Trust to ensure it can operate effectively, specifically to:

- ◆ meet any emergency or unexpected needs for funds for example: urgent repairs or falls in pupil numbers;
- ◆ provide time to take action should funding levels fall for example: to enable the Trust the option to respond through natural wastage rather than through redundancy of staff;
- ◆ meet planned commitments that cannot be met through future income alone for example: major asset purchase or extension; and
- ◆ provide working capital to cover cashflow variations.

The Directors review the reserves level at least annually and have determined that the appropriate level of free reserves (total funds less amounts held in fixed asset and restricted funds) should be around 3% (+/- 0.5%) of total funding, during times when the Trust's funding framework is defined and stable. During times of funding turbulence the determined level of free reserves should be higher and has been set at 10% (+/- 0.5%).

As at 31 August 2016, the level of free reserves was £451k, 3.8% of total funding (2015 - £876k, 7.5%). These reserves are attached wholly to Kennet School. Whitelands Park Primary's element have been invested in funding the two classes for every year group but one. This decision has been taken because the teaching and learning requires it until pupil numbers recover to make the structure sustainable. Linked to this need to increase pupil numbers the school has also used its designated reserves to extend its childcare provision accommodation and offering by running, for the first time ever, a holiday club alongside the existing breakfast and after-school club. This allows the school to be a school of choice for working parents as well as allowing Playmates, the independent preschool that operates from the same accommodation within school hours, to expand. During 2015/16 pupil numbers started at 298 but have recovered to 312 by September 2016, the capacity at the school is 419.

As part of its reserves policy, Directors give careful consideration to the cash flow implications that arise from increased or decreased contributions to its defined benefit scheme.

Where contributions can be met from projected future income without significant impact on the levels of activity then Directors will not designate any of their existing funds to meet future pension commitments. Where contribution increases would cause uncertainty or would result in a curtailment of activities, Directors would seek actuarial and legal advice and prudently create a designation of existing funds.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy (continued)

Directors continue to review reserves at the two schools in the Trust. In the presence of on-going pressures on employment costs, the challenging environment of schools funding and on-going uncertainty around moves to national funding the Directors have set the framework for Kennet to increase its reserves back to £620k for 31 August 2017 and for Whitelands to continue to invest in two classes for every year group apart from one for at least one year.

Financial position

The Trust's net assets (i.e. total reserves) at the end of the year were £18,885k (2015 – £22,149k). This comprises £18,434k (2015 - £21,273k) of restricted funds and £451k (2015 - £876k) of unrestricted general funds. The Trust held cash balances of £660k (2015 - £1,454k) at 31 August 2016 either in a current account or on deposit.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty is that, despite the drive, overwhelming desire and hard work of committed and skilled staff throughout both academies, the teaching and learning outcomes at the time of Ofsted Inspection at Whitelands Park do not result in it also being judged to be an Outstanding school. This has been mitigated by changes to Senior Leadership Teams and rebalanced senior staff responsibilities and focus at both schools.

Risk management

The Directors are responsible for the management of the risks faced by the Trust. The Trust has in place a risk management strategy to identify and prioritise strategic risks formally. The register and management of strategic risks in 2015-16 were reviewed through the two Local Governing Bodies in both schools to the Directors' Audit Committee.

This risk management process involves identifying the types of risk each academy faces, scoring and prioritising them in terms of their potential impact, the probability of the risk occurring and means of mitigating the risk. Impact considers the financial implications, impact on strategy and/or teaching and learning and the level of stakeholder concern. Probability considers the likelihood of the risk occurring within a four year period as well as whether the event has recently occurred. At this stage in the Trust's development, the principal risks that have been subject to detailed review are:

- ◆ Ofsted inspection risk; Kennet was inspected in May 2016 and judged to be outstanding. Whitelands Park still expects its inspection in 2016.
- ◆ Funding risk; the EFA have made clear to the accounting officer that all Academy Trusts face an on-going period of challenging public finances. Securing the financial health of the Trust whilst continuing to deliver the very best educational outcomes in light of the tightening of funding for 2016-17 is a risk that is being managed.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk management (continued)

In the Summer of 2016 the Directors reviewed the process by which they identify and prioritise the Trust's exposure to significant risks and for 2016/17 this will be led by a group of four Directors who will report back to the Board of Directors.

PLANS FOR FUTURE YEARS

The Trust continues to invest and develop close and strong links with partner primary schools. This proved particularly valuable in 2015/16 with the curriculum changes and new expectations of children at the end of primary and consequently the impact that has for the curriculum in Year 7 and onwards. The Trust is also actively working with West Berkshire Council to address the increased catchment demand for school places. In terms of each school:

- ◆ At Kennet better never stops. Seeking to further improve its standing nationally Kennet has a target to be ranked in the top 100 schools nationally for progress.
- ◆ Whitelands Park has made huge strides; its focus is on securing educational outcomes for its Key Stage 2 children to equal those delivered at Key Stage 1.

Equal opportunities

The Equality Act 2010 provides a single, consolidated source of discrimination law, covering all the types of discrimination that are unlawful replacing all previous equality legislation. It introduced a *Single Public Sector Equality Duty* which applies to the Trust to eliminate discrimination, to advance equality of opportunity within our community and to foster good relations there too. The Trust wholeheartedly supports and endorses the *Single Public Sector Equality Duty* and also the subsequent reasonable adjustment duty that came into force on 1 September 2012.

Equal opportunities are an integral part of good practice within the work place for the Trust's employees as well as in the education provided to our pupils. Everyone is held to be of equal value. No exceptions.

Equality objectives for the Trust were set four years ago and have been reviewed for 2016 as required by Equality legislation and are published on the schools' websites along with the fourth annual review of performance against the original objectives set in 2012.

Employee consultation

Arrangements to provide information to and consult employees on matters affecting them were developed and implemented on conversion to academy status. These arrangements continue to be followed and are particularly applied annually to the setting of the Trust's Pay Policy and Performance Management arrangements for teaching staff.

Directors' report Year to 31 August 2016

FUNDS HELD AS CUSTODIAN ON BEHALF OF OTHERS

No such funds are held.

AUDITOR

Each of the Directors confirms that:

- ◆ so far as the Director is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- ◆ the Director has taken all the steps that she ought to have taken as a Director in order to make herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

The report of the Directors, incorporating a strategic report, approved by order of the Board of Directors on 7 December 2016 and signed on its behalf by:



Mrs S Nicholls

Chairperson of Directors, Kennet School Academies Trust

Governance statement 31 August 2016

Scope of responsibility

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

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

Governance

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

Director	Number of meetings attended	Out of a possible
Professor DS Mottram	1	1
Mrs S Nicholls	3	3
Mr C Heslop	3	3
Mr N Beach	2	3
Reverend M Bennet	1	3
Mr N Cornish	3	3
Mr PG Dick (Executive Headteacher)	3	3
Mr G Warham (Staff)	1	1
Mr M Irving (Staff)	3	3
Mr M Keogh	1	1
Dr E Crossman	1	1
Honorary Vice-Chair Dr C C Smith	1	3

Governance reviews

As a newly established multi-academy trust the Directors commissioned a review of governance which took place in May 2015. A further review of governance will occur in 2016-17. In addition, there has been a serious case review running since Spring of 2016. This has been carried out by West Berkshire's local safeguarding children's board focused on historic sexual abuse cases in Thatcham. The school has an action plan from the review team and is implementing the recommendations made, though the final serious case review report has not yet been published.

Governance statement 31 August 2016

Finance committee

The Finance Committee is a sub-committee of the main Board of Directors. It is responsible for ensuring that there are effective financial governance arrangements to manage all of the Trust's funds and in particular ensure that every school in the Trust develops financial plans to secure a balanced budget to ensure sustainability, stability and on-going liquidity.

Attendance at meetings in the year was as follows:

Director	Number of meetings attended	Out of a possible
Professor DS Mottram (Chairman)	2	2
Reverend M Bennet	1	3
Mr PG Dick (Executive Headteacher)	3	3
Mr C Heslop	3	3
Mr M Irving (Staff)	3	3
Mrs S Nicholls (ex officio member)	—	3

Review of value for money

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

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

- ◆ Reclaiming the outstanding Ofsted judgement at Kennet.
- ◆ Undertaking a wholesale review of the efficiency of the curriculum and timetable for 2016/17 delivering a saving of 3 FTE teachers.
- ◆ Creating an even stronger culture and climate focused on championing attainment particularly for pupil premium pupils as this is proving to be particularly stubborn and remains to be conquered.
- ◆ Ensuring that the advantages of two schools within the Trust are capitalised on at every opportunity whether it be shared staff resources or joint tenders.
- ◆ On-going analysis and assessment will confidently identify ambitious priorities for 2015/16 to ensure that both schools continue to go from strength to strength.

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 the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised, to evaluate the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal, appropriate on-going process for identifying, evaluating and managing the Trust's significant risks. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- ◆ regular reviews by the Finance 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; and
- ◆ identification and management of risks.

The risk and control framework (continued)

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have in place an Audit Committee which gives advice on financial matters and performing a range of checks on the Trust's financial systems. At Kennet School Academies Trust, the programme of checks and examination of the financial systems and controls are undertaken by Buzzacott LLP who report to the Audit Committee. On a termly basis, the Audit Committee reports to the Directors on the operation of the systems of control and on the discharge of the Director's financial responsibilities including the findings from the detailed checks undertaken. There has been a programme of checks and tests undertaken at the half-yearly position and reported to the Directors for the year ended 31 August 2016.

Review of effectiveness

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

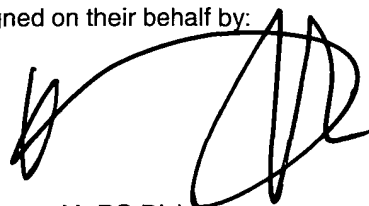
- ◆ the work of the programme of visits and checks in support of the Audit Committee;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of the Senior Leadership Team within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and ensures continuous improvement of the system is in place.

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



Mrs S Nicholls
Chairperson of Directors



Mr PG Dick
Executive Headteacher

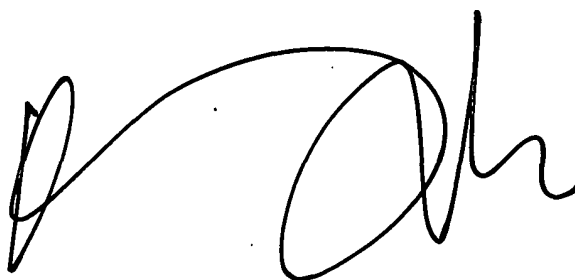
Approved on: 7 December 2016

Statement on regularity, propriety and compliance 31 August 2016

As Accounting Officer of Kennet School Academies Trust, I have considered my responsibility to notify the Trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

A handwritten signature in black ink, appearing to be 'P. G. Dick', written in a cursive style.

Mr P G Dick

Executive Headteacher and Accounting Officer

Date: 7 December 2016

Statement of Directors' responsibilities 31 August 2016

The Directors are responsible for preparing the Directors' report, the strategic report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

The Directors are responsible for ensuring that in its conduct and operation the Trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA have been applied for the purposes intended. The Directors are responsible for the maintenance and integrity of the charity and financial information included on the academies' websites. 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 Kennet School Academies Trust and signed on its behalf by:

Mrs S Nicholls



Chairperson of Directors, Kennet School Academies Trust

Date: 7 December 2016

Independent auditor's report 31 August 2016

Independent auditor's report on the financial statements to the Members of Kennet School Academies Trust

We have audited the financial statements of Kennet School Academies Trust for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trust'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 Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the statement of Directors' responsibilities set out in the Directors' report, the Directors of the Kennet School Academies Trust (who are also trustees of the charitable company for the purposes of charity legislation) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Independent auditor's report 31 August 2016

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the Trust's affairs as at 31 August 2016 and of income and expenditure for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 14/12/16

Independent reporting accountant's report 31 August 2016

Independent reporting accountant's assurance report on regularity to Kennet School Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 16 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kennet School Academies Trust during the period from 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Kennet School Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Kennet School Academies Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Kennet School Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Kennet School Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Kennet School Academies Trust's funding agreement with the Secretary of State for Education dated 10 May 2016 (alongside a subsequent deed of variation dated 26 August 2016) and the Academies Financial Handbook 2015, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

Independent reporting accountant's report 31 August 2016

Approach (continued)

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

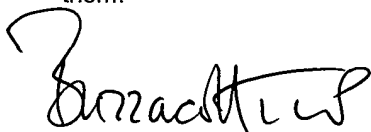
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 14/12/16

Kennet School Academies Trust

**Statement of Financial Activities
for the period ended 31 August 2016**

(including income and expenditure account)

	Notes	Restricted funds			2016 total funds £'000	2015 total funds (restated) £'000
		Unrestricted general funds £'000	General funds £'000	Fixed assets funds £'000		
Income from:						
Donations and capital grants	1	5	3	261	269	446
Charitable activities:						
Funding for the Academy Trust's educational operations	3	-	11,059	4	11,063	11,397
Other trading activities	2	500	72	-	572	552
Total		505	11,134	265	11,904	12,395
Expenditure on:						
Raising funds	4	487	-	-	487	456
Charitable activities:						
Academy Trust educational operations	5	-	11,744	930	12,674	12,879
Total		487	11,744	930	13,161	13,335
Net income / (expenditure) before transfers		18	(610)	(665)	(1,257)	(940)
Transfers between funds	16	(443)	189	254	-	-
Net (expenditure) income		(425)	(421)	(411)	(1,257)	(940)
Other recognised losses						
Actuarial losses on defined benefit pension schemes	24	-	(2,007)	-	(2,007)	(28)
Net movement in funds		(425)	(2,428)	(411)	(3,264)	(968)
Reconciliation of funds						
Total funds brought forward		876	(2,122)	23,395	22,149	23,117
Total funds carried forward		451	(4,550)	22,984	18,885	22,149

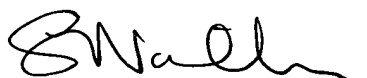
All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

Kennet School Academies Trust

Balance sheet as at 31 August 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Tangible assets	12		22,962		23,239
Current assets					
Debtors	13	299		356	
Cash at bank and in hand		660		1,454	
		959		1,810	
Liabilities					
Creditors: Amounts falling due within one year	14	(395)		(513)	
Net current assets			564		1,297
Total assets less current liabilities			23,526		24,536
Creditors: Amounts falling due after more than one year	15		(19)		-
Net assets excluding pension scheme liability			23,507		24,536
Defined benefit pension scheme liability	24		(4,622)		(2,387)
Total net assets			18,885		22,149
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	16		22,984		23,395
Restricted income fund	16		72		265
Pension reserve	16		(4,622)		(2,387)
Total restricted funds			18,434		21,273
Unrestricted income funds					
General fund	16		450		861
Designated fund	16		1		15
Total funds			18,885		22,149

The financial statements on pages 23 to 46 were approved by the Trustees, and authorised for issue on 7th December 2016 and are signed on their behalf by:



Mrs S Nicholls
Chairperson of Directors

Kennet School Academies Trust

**Statement of Cash Flows
for the year ended 31 August 2016**

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Net cash (used in) provided by operating activities	20	(398)	227
Cash flows from investing activities	21	(415)	(57)
Cash flows from financing activities	22	19	-
Change in cash and cash equivalents in the year		(794)	170
Cash and cash equivalents at 1 September 2015		1,454	1,375
Cash and cash equivalents at 31 August 2016		660	1,454

Principal accounting policies 31 August 2016

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Kennet Schools Academies Trust meets the definition of a public benefit entity under FRS 102.

Transition to FRS 102

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the academy trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2014 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Principal accounting policies 31 August 2016

Transition to FRS 102 (continued)

Explanation of transition to FRS 102 (continued)

Comparative figures have been restated to reflect the adjustments made, except to the extent that the trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of net income / (expenditure)	2015 £
Net expenditure previously reported under UK GAAP	(909)
Change in recognition of LGPS interest cost (A)	(31)
Net expenditure reported under FRS 102	(940)

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the academy trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £31,000 and decrease the debit in other recognised gains and losses in the statement of financial activities by an equivalent amount.

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.

Principal accounting policies 31 August 2016

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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.

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

Donations

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 academy trust has provided the goods or services.

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.

Principal accounting policies 31 August 2016

Expenditure (continued)

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 stated net of recoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more 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 Trust's depreciation policy.

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

Leasehold Buildings at Conversion	3% pa
Leasehold Buildings	2% pa
Leasehold Buildings – Roof Components	6.67% pa
Leasehold Building – Portable Building Components	5% pa
Freehold Buildings	2% pa
Furniture and Equipment	20% pa
Computer Equipment	25% pa
Mini Buses	20% pa

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.

Principal accounting policies 31 August 2016

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.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

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

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.

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. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Pensions benefits (continued)

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the EFA (and its predecessor Young People's Learning Agency), Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted EFA funds comprise all other grants received from the EFA.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority.

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 and assumptions

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.

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

- ◆ 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- ◆ Estimating the useful economic life of fixed assets for the purpose of calculating depreciation.

Notes to the Financial Statements for the year ended 31 August 2016

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed assets funds £'000	2016 Total funds £'000	2015 Total funds (restated) £'000
Capital grants	-	-	238	238	431
Other donations	5	3	23	31	15
	<u>5</u>	<u>3</u>	<u>261</u>	<u>269</u>	<u>446</u>

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed assets funds £'000	2016 Total funds £'000	2015 Total funds £'000
Hire of facilities	21	32	-	53	26
Trip income	377	1	-	378	363
Catering income	-	19	-	19	20
Miscellaneous income	102	20	-	122	143
	<u>500</u>	<u>72</u>	<u>-</u>	<u>572</u>	<u>552</u>

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed assets funds £'000	2016 Total funds £'000	2015 Total funds (restated) £'000
DfE / EFA grants					
- General Annual Grant (GAG)	-	10,332	-	10,332	10,602
Other DfE / EFA grants	-	350	-	350	412
	<u>-</u>	<u>10,682</u>	<u>-</u>	<u>10,682</u>	<u>11,014</u>
Other Government grants					
Local authority grants	-	377	-	377	378
	<u>-</u>	<u>377</u>	<u>-</u>	<u>377</u>	<u>378</u>
Other income from the Academy Trust's educational operations	-	-	4	4	5
	<u>-</u>	<u>11,059</u>	<u>4</u>	<u>11,063</u>	<u>11,397</u>

Notes to the Financial Statements for the year ended 31 August 2016

4 Expenditure

	Staff costs £'000	Premises £'000	Other £'000	2016 Total funds £'000	2015 Total funds (restated) £'000
Expenditure on raising funds	24	3	460	487	456
Academy Trust's educational operations:					
Direct costs	8,636	532	1,118	10,286	10,604
Allocated support costs	835	1,110	443	2,388	2,275
	<u>9,495</u>	<u>1,645</u>	<u>2,021</u>	<u>13,161</u>	<u>13,335</u>

Net income / (expenditure) for the year includes:

	2016 £'000	2015 £'000
Operating lease rentals	1	6
Depreciation	930	960
Fees payable to auditor for Audit	14	16
Other services	<u>2</u>	<u>4</u>

5 Charitable activities

	2016 Total funds £'000	2015 Total funds (restated) £'000
Direct costs - educational operations	10,286	10,604
Support costs - educational operations	2,388	2,275
	<u>12,674</u>	<u>12,879</u>

	2016 Total funds £'000	2015 Total funds (restated) £'000
Analysis of support costs - educational operations		
Support staff costs	835	705
Depreciation	398	457
Premises costs	712	688
Other support costs	396	373
Governance costs	47	52
Total support costs	<u>2,388</u>	<u>2,275</u>

6 Governance costs

	2016 Total funds £	2015 Total funds £
Legal and professional fees	31	32
Auditor's remuneration:		
Audit of financial statements	14	16
TPS audit	1	1
Responsible officer audit	<u>1</u>	<u>3</u>
	<u>47</u>	<u>52</u>

Notes to the Financial Statements for the year ended 31 August 2016

7 Staff**(a) Staff costs**

Staff costs during the period were:

	2016 Total funds £'000	2015 Total funds (restated) £'000
Wages and salaries	7,499	7,614
Social security costs	595	542
Pension costs	1,257	1,155
	9,351	9,311
Supply staff costs	144	218
Staff restructuring costs	-	9
	9,495	9,538
Staff restructuring costs comprise:		
Severance payments	-	9
	-	9

(b) Non statutory/ non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2015: £9,066).

(c) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy Trust during the period was as follows:

	2016 No.	2015 No.
Teachers	157	159
Administration and support	166	167
Management	10	14
	333	340

(d) Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	3	2
£140,001 - £150,000	1	1

(d) 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 £686,375 (2015 - £900,940).

8 Comparative information

Analysis of income and expenditure in the year ended 31 August 2015 between restricted and unrestricted funds:

	Restricted funds			
	Unrestricted general fund £	General £	Fixed assets fund £	2015 Total Funds £
Income from:				
Donations and capital grants	11	4	431	446
Charitable activities				
· Funding for the Academy Trust's educational operations	-	11,397	-	11,397
Other trading activities	476	76	-	552
Total	487	11,477	431	12,395
Expenditure on:				
Raising funds	456	-	-	456
Charitable activities				
· Academy Trust's educational operations	-	11,919	960	12,879
Total	456	11,919	960	13,335
Net income (expenditure) before transfers	31	(442)	(529)	(940)
Transfers between funds	(50)	(107)	157	-
Net (expenditure) income	(19)	(549)	(372)	(940)
Other recognised losses				
Actuarial losses on defined benefit pension scheme	-	(28)	-	(28)
Net movement in funds	(19)	(577)	(372)	(968)
Reconciliation of funds				
Total funds brought forward	895	(1,545)	23,767	23,117
Total fund carried forward	876	(2,122)	23,395	22,149

Notes to the Financial Statements for the year ended 31 August 2016

9 Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Executive Head, Whitelands Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. If this is not the case payments must be disclosed separately. The value of trustees' remuneration and other benefits was as follows:

	2016 £'000	2015 £'000
P G Dick, Executive Head and Trustee		
Remuneration	140-145	140-145
Employer's pension contributions	0-5	0-5
M P Irving, Headteacher Whitelands Park Primary School, Trustee		
Remuneration	60-65	55-60
Employer's pension contributions	10-15	5-10
G Warham, Trustee (ended 31st January 2016)		
Remuneration	10-15	45-50
Employer's pension contributions	0-5	5-10
M Keogh, Trustee (from 1st April 2016)		
Remuneration	10-15	-
Employer's pension contributions	0-5	-

10 Trustees' and Officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangements (RPA), an alternative to insurance. 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 Statements for the year ended 31 August 2016

11 Central Services

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

- " Human resources;
- " Financial services;
- " Legal services;
- " Educational support services;
- " Senior staff support on school improvement;
- " Governance and clerking
- " Insurance

The Academy Trust charges these services on the basis of income, pupil numbers or staffing as appropriate.

The actual amounts charged during the year were as follows:

	2016 £'000	2015 £'000
Kennet School	60	34
Whitelands Park Primary School	11	3
Total	71	37

Notes to the Financial Statements for the year ended 31 August 2016

12 Tangible fixed assets

	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor Vehicles £'000	Total funds £'000
Cost/valuation					
At 1 September 2015	24,410	392	1,547	26	26,375
Additions	357	56	213	27	653
At 31 August 2016	24,767	448	1,760	53	27,028
Depreciation					
At 1 September 2015	1,781	231	1,104	20	3,136
Charged in year	532	85	302	11	930
At 31 August 2016	2,313	316	1,406	31	4,066
Net book value					
At 31 August 2016	22,454	132	354	22	22,962
At 31 August 2015	22,629	161	443	6	23,239

13 Debtors

	2016 £'000	2015 £'000
Trade debtors	12	48
VAT recoverable	97	79
Prepayments and accrued income	190	229
	299	356

Notes to the Financial Statements for the year ended 31 August 2016

14 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	131	185
Taxation and social security	184	167
Other creditors	1	14
Accruals and deferred income	79	147
	395	513
Deferred income		
Deferred income at 1 September 2015	31	39
Released during the year	(16)	(23)
Resources deferred in the year	2	15
Deferred income at 31 August 2016	17	31

Deferred income relates to:

1. Grant funding received following the end of Greater Thatcham Extended Services partnership, the funding is ring-fenced in school and being put to purposes consistent with the aims of the partnership but over a period of more than one year.

2. Income from parents for music tuition and trips taking places after 31st August 2016.

15 Creditors: amounts falling due in greater than one year

	2016 £'000	2015 £'000
Other creditors	19	-
	19	-

Included within other creditors is a SALIX loan of £19,872, provided at £nil interest and repayable over 8 years. Repayments of £1,242 are payable every 6 months starting March 2017. The first payment in March 2017 is included within other creditors in Note 14; the following 15 payments from September 2017 totalling £18,630 are included above.

Notes to the Financial Statements for the year ended 31 August 2016

16 Funds

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant (GAG) including High Needs Funding	195	10,332	(10,672)	189	44
Pupil Premium	70	327	(369)	-	28
Other DfE / EFA grants	-	23	(23)	-	-
Pension reserve	(2,387)	-	(228)	(2,007)	(4,622)
	<u>(2,122)</u>	<u>10,682</u>	<u>(11,292)</u>	<u>(1,818)</u>	<u>(4,550)</u>
Restricted fixed asset funds					
Available Fixed Asset Funding	156	-	-	(134)	22
Donated Fixed Assets	20,062	-	(491)	-	19,571
Acquired Fixed Assets	3,177	265	(439)	388	3,391
	<u>23,395</u>	<u>265</u>	<u>(930)</u>	<u>254</u>	<u>22,984</u>
Other restricted funds					
Local authority grants	-	377	(377)	-	-
Other Restricted Funds	-	75	(75)	-	-
	<u>-</u>	<u>452</u>	<u>(452)</u>	<u>-</u>	<u>-</u>
Total restricted funds	<u>21,273</u>	<u>11,399</u>	<u>(12,674)</u>	<u>(1,564)</u>	<u>18,434</u>
Unrestricted funds					
General funds	865	478	(461)	(432)	450
Designated funds	11	27	(26)	(11)	1
Total unrestricted funds	<u>876</u>	<u>505</u>	<u>(487)</u>	<u>(443)</u>	<u>451</u>
Total funds	<u>22,149</u>	<u>11,904</u>	<u>(13,161)</u>	<u>(2,007)</u>	<u>18,885</u>

Analysis of fund balance by academy

	Total 2016 £'000	Total 2015 £'000
Fund balances at 31 August 2016 were allocated as follows:		
Kennet School	482	1,014
Whitelands Park Primary School	41	127
Total before fixed assets and pension reserve	<u>523</u>	<u>1,141</u>
Restricted fixed asset fund	22,984	23,395
Pension liability	(4,622)	(2,387)
Total	<u>18,885</u>	<u>22,149</u>

Notes to the Financial Statements for the year ended 31 August 2016

17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Endowment funds £'000	Total funds £'000
Fund balances at 31 August 2016 are represented by:					
Tangible fixed assets	-	-	22,962	-	22,962
Current assets	451	486	22	-	959
Current liabilities	-	(395)	-	-	(395)
Non-current liabilities	-	(19)	-	-	(19)
Pension scheme liability	-	(4,622)	-	-	(4,622)
Total net assets	451	(4,550)	22,984	-	18,885

18 Capital commitments

	2016 £'000	2015 £'000
Contracted for, but not provided in the financial statements.	42	140

19 Commitments under operating leases

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

	2016 £'000	2015 £'000
Amounts due within one year	-	4
	-	4

Notes to the Financial Statements for the year ended 31 August 2016

20 Reconciliation of net expenditure to net cash flow from operating activities

	2016 £'000	2015 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(1,257)	(940)
Adjusted for:		
Depreciation charges (note 12)	930	960
Capital grants from DfE and other capital income	(238)	(431)
Defined benefit pension scheme cost less contributions payable (note 24)	136	138
Defined benefit pension scheme finance cost (note 24)	92	89
Decrease in debtors	57	268
(Decrease) / increase in creditors	(118)	143
Net cash (used in) provided by Operating Activities	(398)	227

21 Cash flows from investing activities

	2016 £'000	2015 £'000
Purchase of tangible fixed assets	(653)	(488)
Capital grants from DfE/EFA	238	431
Net cash used in investing activities	(415)	(57)

22 Cash flows from financing activities

	2016 £'000	2015 £'000
Cash inflows from new borrowing	19	-
Net cash provided by Financing Activities	19	-

23 Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash in hand and at bank	660	1,454
Total cash and cash equivalents	660	1,454

Notes to the Financial Statements for the year ended 31 August 2016

24 Pension and similar obligation

The pension cost paid to TPS in the period amounted to £1,359,033

Principal actuarial assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase of salaries	4.1%	4.5%
Rate of increase for pensions in payment/inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.2%	4.0%
Inflation assumption (CPI)	2.3%	2.7%
Commutation of pensions to lump sums	50.0%	50.0%

Current mortality rates

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.9	22.8
Females	26.2	26.1
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	28.5	28.4

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	1,156	838
Bonds	362	260
Property	308	250
Cash	100	92
Other	453	412
Total market value of assets	2,379	1,852

Amount recognised in the statement of financial activities

	2016 £'000s	2015 (restated) £'000s
Current service cost (net of employee contributions)	388	381
Net interest cost including Administration Charges	92	89
Total operating charge	480	470
Analysis of pension finance costs		
Net Interest Cost	(90)	(88)
Administration Expenses	(2)	(1)
Pension finance costs	(92)	(89)

Notes to the Financial Statements for the year ended 31 August 2016

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

	2016 £'000s	2015 (restated) £'000s
Scheme obligations as at 1 September 2015	(4,239)	(3,656)
Current service cost	(388)	(381)
Interest cost	(170)	(155)
Employee contributions	(89)	(86)
Change in financial / actuarial assumptions	(2,174)	1
Benefits paid	59	38
At 31 August 2016	(7,001)	(4,239)

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

	2016 £'000s	2015 (restated) £'000s
Fair value of scheme assets at 1 September 2015	1,852	1,523
Inherited assets		
Interest income	80	67
Administration Expenses	(2)	(1)
Expected return on assets	167	(28)
Employer contributions	252	243
Employee contributions	89	86
Benefits paid	(59)	(38)
At 31 August 2016	2,379	1,852

Notes to the Financial Statements for the year ended 31 August 2016

25 Agency Arrangements

The Academy Trust distributes the 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the Trust received £17,783 and disbursed £17,340 from the fund. An amount of £443 is included in other creditors relating to the undistributed funds that is repayable to EFA.

26 Related Party Transactions

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

The daughter of the Chairman of Directors is employed as a teacher by the Academy Trust and is remunerated within the school's pay scales.

The wife of the Executive Head is employed as a teacher by the Academy Trust and is remunerated within the school's pay scales.