

# REGISTRAR OF COMPANIES

## Kennet School Academies Trust

### Annual Report and Financial Statements

Year to 31 August 2018

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

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## Reference and administrative information Year to 31 August 2018

<b>Members</b>	Prof D S Mottram Ms K Bahia (Appointed 22 September 2018)
<b>Members and Directors</b>	Mrs S Nicholls (Until 15 October 2018) Reverend M Bennet Mr N Beach (Until 6 October 2018) Mr M Cole (Director appointment from 17 October 2018)
<b>Directors</b>	Mr N Cornish Dr E Crossman (Appointed 9 October 2018) Mrs R Ebdon Mrs M Harrison Mr M Irving Mr M Keogh Mr N Margeson Mrs G Piper (Appointed 1 January 2018) Mr P G Dick (Until 31 December 2017) Mr Colin Heslop (Until 18 July 2018)
<b>Senior Management Team</b>	Mrs G Piper Mr C Ellison Ms B McNally Mrs K Odenwälder Miss T Dowling Mrs S Barbasiewicz Mrs S Martin Mr P G Dick Mr M Irving Mrs M Phillips
<b>Executive Headteacher and Accounting Officer</b>	Mrs G Piper (from 1 January 2018) Mr P G Dick (until 31 December 2017)
<b>Principal and registered office</b>	Kennet School Stoney Lane Thatcham Berkshire RG19 4LL
<b>Company registration number</b>	07543874 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

**Reference and administrative information** Year to 31 August 2018

**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 2018

The Directors of Kennet School Academies Trust (the Trust) present their statutory report and financial statements for the year ended 31 August 2018. 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 27 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).

### **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 schools 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 2018

### 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 2018 except as noted:

Members	Appointed	Resigned
Professor DS Mottram (Chairman of Trust)		
Ms K Bahia	22 September 2018	

Members and Directors	Appointed	Resigned
Reverend M Bennet (Chairman of Directors)		
Mrs S Nicholls (Resigned 15 October 2018)		
Mr M Cole (Director appointment from 17 October 2018)		
Mr N Beach (Resigned 6 October 2018)		

Directors	Appointed	Resigned
Mr N Cornish		
Dr E Crossman	9 October 2018	
Mr PG Dick (Executive Head)		31 December 2017
Mrs R Ebdon		
Mrs M Harrison		
Mr C Heslop		18 July 2018
Mr M Irving (Staff)		
Mr M Keogh (Staff)		
Mr N Margeson	13 September 2017	
Mrs G Piper (Executive Head)	1 January 2018	

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)

Mrs G Piper	Executive Head
Ms B McNally	Deputy Headteacher
Mr C Ellison	Deputy Headteacher
Mrs K Odenwälder	Assistant Headteacher
Miss T Dowling	Assistant Headteacher
Mrs S Barbasiewicz	Acting Assistant Headteacher
Mrs S Martin	Acting Assistant Headteacher
Mr P G Dick	Advisory Head (part-time)

#### Senior Leadership Team (Whitelands Park)

Mr M Irving	Headteacher
Mrs M Phillips	Deputy 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 2018 (2017 – none). Mr P G Dick (until 31 December 2017) and Mrs G Piper (from 1<sup>st</sup> January 2018) were remunerated in the position as Executive Headteacher, Mr M Keogh was remunerated as a teacher at Kennet School and Mr M Irving as Headteacher of Whitelands Park Primary School.

### **Honorary officers**

There are no Honorary officers.

### **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 2018.

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 (as listed in the table on page 4) 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 Headteachers, 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 and a Safeguarding 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 and the Advisory 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 her pay. The Executive Head, the Chair of Whitelands Local Governing Body plus one further governor from Whitelands Local Governing Body undertake the review for the Headteacher at Whitelands Park and set his pay. Pay determinations are made in accordance with the Trust's pay policies and pay scale ranges for leadership. 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.

**Trade Union facility time**

The provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Academy Trust to publish the following information.

Number of employees	Number	Full-time equivalent
Relevant union officials during 1 <sup>st</sup> April 2017-31 <sup>st</sup> March 2018	2	1.63

Percentage of time spent on Trade Union facility time	Number	
0%	0	0
1% - 50%	2	0
51% - 99%	0	0
100%	0	0



**OBJECTIVES AND ACTIVITIES** (continued)

**Trade Union facility time** (continued)

Percentage of pay bill spent on Trade Union facility time	£	Percentage
Total cost of facility time	<b>£411</b>	
Total pay bill	<b>£8,980,205</b>	
Percentage of the total pay bill spent on facility time.		<b>0.00%</b>

Paid Trade Union activities	Hours	Percentage
Hours spent on paid facility time	<b>41</b>	
Hours spent on paid Trade Union activities	<b>37</b>	
Percentage of the total paid facility time hours spent on paid Trade Union activities		<b>90.24%</b>

**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**

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 unapologetically focused on securing the very best academic results for every pupil at every stage of their educational journey at each and every school in the Trust. For 2017-18 the Trust was focused on securing a smooth transition in leadership on the retirement of the Executive Head so that there were no distractions from our core purpose. This is underpinned by:

- ◆ Creating a caring, safe and stimulating environment within the schools ensuring safeguarding is prioritised in every respect.
- ◆ Fostering the intellectual, physical, social, emotional and mental well-being of every pupil
- ◆ Enabling all pupils to experience success and be excited by their personal potential.
- ◆ Meeting the needs to society by ensuring our pupils understand and develop the essential skills to contribute and improve their community.
- ◆ Providing a broad and balanced curriculum led by subject specialists who are passionate about their subject and able to inspire pupils to achieve.
- ◆ Cultivate pupils' academic curiosity along with the ability to explore answers.
- ◆ Creating exceptional life chances for all our pupils across our schools.

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

### **Aims and intended impact**

The aim, quite simply, is to secure the very best life chances for all pupils in the Trust and ensure every pupil leaves with, not only the strongest results possible but as well-rounded individuals displaying confident and vibrant character and the ability to carve their own path ahead. No exceptions.

## **STRATEGIC REPORT**

### **Achievements and performance**

The year 2017-18 has been one of significant transition and change. The Trust appointed as Executive Head of the Trust in February 2018, Mrs Gemma Piper. The first Executive Head of the Trust and longstanding Head of Kennet School, Mr Paul Dick retired on 31 December 2017. Mrs Piper initially in role as acting Executive Head from 1<sup>st</sup> January 2018 was appointed in February 2018 following a competitive interview process.

Mrs Piper leads the Trust with the clarity of purpose, ambition and energy that we expect of the Executive Head of Kennet School Academies Trust and has successfully maintained momentum with pupils, parents and staff with a fresh perspective. The Trust ambitiously continues its work dedicated on securing the best life chances and delivering the best for the young people of Thatcham and the surrounding area.

For the first time, ever, since the multi-academy trust was formed in 2014, both schools in the Trust have been in the position of being oversubscribed and holding a waiting list evidencing the educational outcomes and achievements delivered by the Trust. At Kennet this has traditionally been the case for many years and remained so in 2017-18 despite an increase to its published admission number to 300, up from 280. At Whitelands admission into Foundation for September 2018 was at its published admission number of 60. Alongside this 2017-18 also had a growth in pupil numbers in other year groups.

### **Key Performance Indicators**

There are two key measures assuring the Trust's achievements against its objectives.

The first being Ofsted judgements. In May 2016 Kennet was rated Outstanding (previously Requires Improvement) and in December 2016 Whitelands was rated Good its first judgement as an academy after being placed as a local authority school into Special Measures.

The second being pupil numbers assuring both educational and financial health particularly in recent times of meeting on-going funding challenges.

<b>Pupil Numbers</b>	<b>Kennet</b>	<b>Whitelands</b>
<b>Oct 2016</b>	1,743	318
<b>Oct 2017</b>	1,759	314
<b>Oct 2018</b>	1,818	347

**STRATEGIC REPORT** (continued)

**Going concern**

After making appropriate enquiries, in particular regarding forecasts for 2018-19 including timing of cash flows and the following two years based on pupil number projections, 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 2017 to 31 August 2018.

At 31 August 2018, the Trust held fixed assets of £22,988,000 (2017 - £23,292,000) and cash of £382,000 (2017 - £184,000)

The uncrystallised LGPS pension liability has reduced to £4,023,000 from £4,461,000. The Directors do not, under their reserves policy, need to designate any of their existing funds to meet future pension commitments. 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.

The actuarial valuation of the pension liability was fully reviewed on 31 March 2016 by the LGPS, the date for the latest triennial pension funding valuation, as opposed to the accounting valuation reported within these financial statements. The 31 March 2016 LGPS funding valuation set employer contribution rates for the period 1 April 2017 to 31 March 2020. The rate from 1 April 2017 was 17.6%, an increase of 1% on the 16.6% employer contribution rate previously paid and in force since initial conversion on 1 April 2011. From 1 April 2018 the rate became 18.6%. There will be a subsequent rate increase to 19.6% with effect 1 April 2019.

During the year ended 31 August 2018 total expenditure in the Trust of £12,739,000 (2017 - £12,853,000), including the depreciation charge, exceeded income comprising both grant funding from the Education and Skills Funding Agency (ESFA) and other income. Income for the year amounted to £11,811,000 (2017 - £12,377,000).

The in-year deficit derived from the change in balance of restricted general funds (excluding pension reserves) plus unrestricted funds and excess of income over expenditure net of depreciation was a deficit of £118,000 reflecting the on-going challenge and pressures of school funding. Reserves as at 31 August 2018 now stand at £90,000.

**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; and
- ◆ provide working capital to cover cashflow variations.

As at 31 August 2018, the level of free reserves was £90,000 of total funding (2017 - £208,000, 1.6%). The spend from reserves is accounted for by higher than planned expenditure on supply, recruitment and occupancy costs:

Whitelands Park Primary had free reserves of £12,000 at 31 August 2018 (2017 – £6,000) and Kennet £78,000 (2017 - £202,000).

As part of the Trust's 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.

Directors continue to review reserves at the two schools in the Trust and are very aware of their responsibilities to ensure that good financial health of the Trust continues in the face on on-going funding challenges and recognise the essential role it plays in education.

In the presence of on-going pressures on employment costs the Directors remain committed to building Kennet's reserves back to around 3% (+/- 0.5% ) and for Whitelands to continue to build its reserves in 2018-19.

The main driver enabling this is growth in pupil numbers as detailed on Page 8 under Key Performance Indicators. Directors carefully track and respond to any growth or decline in pupil numbers as it is vital to securing financial health alongside careful planning in the delivery of a broad and balanced curriculum at its two schools. As a part of this for 2019-20 the Trust is working with West Berkshire Local Authority to respond to basic need pressures to admit above its published admission number at 330 at Kennet to enable the school to deliver an additional 'bulge' class.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties managed by Directors for the two schools in 2017-18 are the responses to on-going funding challenges and general data protection.

### **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 2017-18 were developed through a sub-group of Directors working alongside the headteachers from each of the schools in the Trust. The Risk Registers were then reviewed by the whole Board of Directors and approved.

The 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 risk that has been subject to detailed review is:

- ◆ Funding risk; the ESFA has made clear to the accounting officer that all Academy Trusts face an on-going period of challenging public finances and the academy financial handbook for 2018 makes clear the sharp focus that Trusts need to apply. Securing the financial health of the Trust whilst continuing to deliver the very best educational outcomes in light of the on-going tightening of funding for 2017-18 is a risk that continues to remain a priority

## **PLANS FOR FUTURE YEARS**

The Trust continues to invest in and develop strong links with partner primary schools and early years providers. The Directors are keen to see the Trust grow within its local area where there are educational benefits or economies of scale to be gained. Exploratory talks with other feeder primary schools in Thatcham have taken place and Francis Baily Primary School's Governing Board have resolved to join the Trust and to work towards achieving this on 1 April 2019.

### **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.

## **Directors' report** Year to 31 August 2018

### **Equal opportunities (continued)**

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 are set every four years and were last reviewed and set in 2016 with progress and performance against those objectives being reviewed annually and published on the schools' websites.

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 also apply to the Trust. These regulations require the Trust to publish specific gender pay information on its website annually. The first gender pay report was published on 29<sup>th</sup> March 2018.

### **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.

### **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 he ought to have taken as a Director in order to make himself 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 12<sup>th</sup> December 2018 and signed on its behalf by:



Rev'd Mark Bennet  
Chair of Directors, Kennet School Academies Trust

## Governance statement 31 August 2018

### 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
Mrs S Nicholls (Chair)	3	3
Mr C Heslop	2	3
Mr N Beach	1	3
Reverend M Bennet (Vice Chair)	3	3
Mr N Cornish	3	3
Mrs G Piper (Executive Headteacher from 1 Jan 2018)	2	2
Mr M Irving (Staff)	3	3
Mr M Keogh (Staff)	3	3
Mrs R Ebdon	3	3
Mrs M Harrison	3	3
Mr N Margeson	3	3
Mr PG Dick (Executive Headteacher to 31 Dec 2017 Advisory Head from 1 Jan 2018)	1	1

### Governance reviews

The Governance Review undertaken Spring 2017 by Hampshire County Council Governor Services concluded that there is in place an effective governance structure that provides strong strategic direction and a framework that allows governors and Directors to hold senior leaders to account for their performance in their schools and that there is a clear vision that reflects the high expectations leaders set across the Trust.

The Directors completed an action plan from this review for 2017-18 as there were pocket areas identified to further improve on. At the end of 2017-18 Directors concluded that the action plan was complete with two areas being brought forward into 2018-19 to ensure they were embedded although it was noted that progress in 2017-18 was evidenced and these were monitoring and some specific areas of additional reporting.

**Governance reviews (continued)**

In terms of monitoring, there should be a defined monitoring cycle for the academic year. The cycle should be set at the start of the year and it should cover all year groups and cohorts with robust discussion and consideration undertaken by both Governors and Directors to hold the schools to account. In terms of additional reporting, the areas identified are performance management of support staff, review of staff development and primary sport premium.

Directors also considered the composition of the Board in light of the Academies Financial Handbook 2018 which detailed a strong preference for the Accounting Officer to be the only staff director appointment on the Board of Directors. Directors agreed that they would consider this specifically as the point at which future changes in Trust structure and governance happen.

**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
Reverend M Bennet (Chair)	3	3
Mr PG Dick (Executive Headteacher until 31 December 2017)	1	1
Mrs G Piper (Executive Headteacher from 1 January 2018)	2	2
Mr C Heslop	3	3
Mr M Irving (Staff)	2	3
Mr M Keogh (Staff)	2	3
Mrs R Ebdon	3	3
Mrs M Harrison	3	3
Mr N Margeson	3	3
Mrs S Nicholls (ex officio member)	0	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:



## **Governance statement 31 August 2018**

- ◆ Increasing the Published Admission Number at Kennet, a 10 form entry school, from 280 to 300 effective from September 2017 and reversed the decline in 6<sup>th</sup> Form numbers.
- ◆ Effectively working with Whitelands to offer primary provision that is increasingly regarded by parents. The school has a capacity of 419 and at October 2018 had 347 pupils on role up from 314 in October 2017.
- ◆ Developing at both schools a 'healthy me' agenda supported by an overhaul of the Trust's catering provision as well as whole school emphasis on physical and emotional health and well-being.

### **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 2018 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 or, given the size of the Trust and the guidance within the Academies Financial Handbook 2017, to have an audit committee. All audit matters are dealt with through Finance Committee including 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 a named Director. There has been a programme of checks and tests undertaken at and reported to the Directors for the year ended 31 August 2018 and there were no issues to note.


**Review of effectiveness**

As Accounting Officer, 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:

  
Mark Bennet  
Chair of Directors

  
G. Piper  
Executive Headteacher

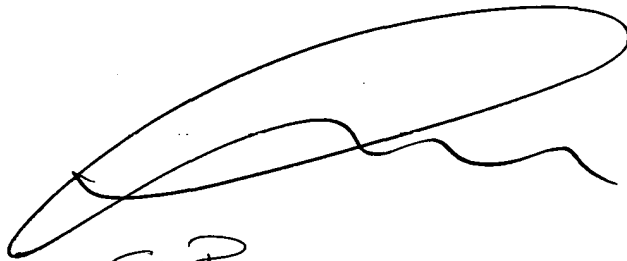
Approved on: 12<sup>th</sup> December 2018

**Statement on regularity, propriety and compliance 31 August 2018**

As Accounting Officer of Kennet School Academies Trust, I have considered my responsibility to notify the Trust Board of Directors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 2017.

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 2017.

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

A large, stylized handwritten signature in black ink, appearing to read 'G. Piper'.

Executive Headteacher and Accounting Officer

Date: 12<sup>th</sup> December 2018

## Statement of Directors' responsibilities 31 August 2018

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 and Skills 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 2017 to 2018;
- ◆ 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA 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:





Chair of Directors, Kennet School Academies Trust

Date: 12<sup>th</sup> December 2018

## **Independent auditor's report on the financial statements 31 August 2018**

### **Independent auditor's report to the members of Kennet School Academies Trust**

#### **Opinion**

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

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

- ◆ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the directors 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.

## **Independent auditor's report on the financial statements 31 August 2018**

### **Other information**

The directors' 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.

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

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

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

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

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

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

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

### **Responsibilities of trustees**

As explained more fully in the directors' responsibilities statement, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Independent auditor's report on the financial statements 31 August 2018**

In preparing the financial statements, the directors 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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

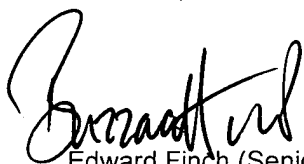
### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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



Edward Finch (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

19/12/18

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

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kennet School Academies Trust during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Kennet School Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Kennet School Academies Trust and the 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 Kennet School Academies Trust and the ESFA, 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 2017, 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 from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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



## Independent reporting accountant's report on regularity 31 August 2018

### 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.

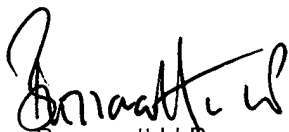
*Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.*

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 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.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

Date: 19/2/18

# Kennet School Academies Trust

## Statement of Financial Activities for the period ended 31 August 2018

(including income and expenditure account)

	Notes	Unrestricted general funds £'000	Restricted funds		2018 total funds £'000	2017 total funds £'000
			General funds £'000	Fixed assets funds £'000		
<b>Income and endowments from:</b>						
Donations and capital grants	1	28	2	433	463	1,083
Charitable activities:						
Funding for the academy trust's educational operations	3	366	10,750	-	11,116	10,848
Other trading activities	2	155	77	-	232	446
<b>Total</b>		<b>549</b>	<b>10,829</b>	<b>433</b>	<b>11,811</b>	<b>12,377</b>
<b>Expenditure on:</b>						
Raising funds	4	20	-	-	20	46
Charitable activities:						
Academy trust educational operations	5	484	11,462	773	12,719	12,807
<b>Total</b>		<b>504</b>	<b>11,462</b>	<b>773</b>	<b>12,739</b>	<b>12,853</b>
<b>Net income / (expenditure)</b>		<b>45</b>	<b>(633)</b>	<b>(340)</b>	<b>(928)</b>	<b>(476)</b>
<b>Transfers between funds</b>	15	<b>(183)</b>	<b>160</b>	<b>23</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains</b>						
Actuarial gains on defined benefit pension schemes	21	-	931	-	931	609
<b>Net movement in funds</b>		<b>(138)</b>	<b>458</b>	<b>(317)</b>	<b>3</b>	<b>133</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		201	(4,454)	23,271	19,018	18,885
<b>Total funds carried forward</b>		<b>63</b>	<b>(3,996)</b>	<b>22,954</b>	<b>19,021</b>	<b>19,018</b>

All of the group's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the Statement of Financial Activities.

# Kennet School Academies Trust

## Balance sheet As at 31 August 2018

(including income and expenditure account)

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
<b>Fixed assets</b>					
Tangible assets	11		22,988		23,292
<b>Current assets</b>					
Debtors	12	306		540	
Cash at bank and in hand		<u>382</u>		<u>184</u>	
		688		724	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	13	<u>(529)</u>		<u>(464)</u>	
<b>Net current assets</b>			159		260
<b>Total assets less current liabilities</b>			23,147		23,552
Creditors: Amounts falling due after more than one year	14		<u>(103)</u>		<u>(73)</u>
<b>Net assets excluding pension scheme liability</b>			23,044		23,479
Defined benefit pension scheme liability	21		<u>(4,023)</u>		<u>(4,461)</u>
<b>Total net assets</b>			<u>19,021</u>		<u>19,018</u>
<b>Funds of the academy trust</b>					
Endowment funds	15				-
<b>Restricted funds</b>					
Fixed asset fund	15		22,954		23,271
Restricted income fund	15		27		7
Pension reserve	15		<u>(4,023)</u>		<u>(4,461)</u>
<b>Total restricted funds</b>			<u>18,958</u>		<u>18,817</u>
<b>Unrestricted income funds</b>					
General fund	15		63		201
Designated fund	15		<u>-</u>		<u>-</u>
<b>Total funds</b>			<u>19,021</u>		<u>19,018</u>

The financial statements on page x to x were approved by the governors, and authorised for issue on [ ] and are signed on their behalf by

*M.D. Bennet*  
Mark Bennet

Chair of ~~Governors~~ Directors  
Kennet School Academies Trust

Company limited by guarantee, registration number 07543874

Kennet School Academies Trust

Statement of Cash Flows  
for the year ended 31 August 2018

	Notes	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	A	204	(387)
<b>Cash flows from investing activities</b>	C	(36)	(143)
<b>Cash flows from financing activities</b>	B	30	54
<b>Change in cash and cash equivalents in the year</b>		<b>198</b>	<b>(476)</b>
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Cash and cash equivalents at 1 September 2017		184	660
<b>Cash and cash equivalents at the end of the year</b>		<b>382</b>	<b>184</b>
<b>A Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>			
		2018 £'000	2017 £'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		(928)	(476)
Adjusted for:			
Depreciation charges		773	855
Capital grants from DfE and other capital income		(433)	(1,042)
Defined benefit pension scheme cost less contributions payable		379	346
Defined benefit pension scheme finance cost		114	102
(Increase)/decrease in debtors		234	(241)
Increase/(decrease) in creditors		65	69
<b>Net cash provided by / (used in) Operating Activities</b>		<b>204</b>	<b>(387)</b>
<b>B Cash flows from financing activities</b>			
		2018 £'000	2017 £'000
Repayments of borrowing		(9)	-
Cash inflows from new borrowing		39	54
<b>Net cash provided by / (used in) Financing Activities</b>		<b>30</b>	<b>54</b>
<b>C Cash flows from investing activities</b>			
		2018 £'000	2017 £'000
Purchase of tangible fixed assets		(469)	(1,185)
Capital grants from DfE/EFA		433	1,042
<b>Net cash provided by / (used in) Operating Activities</b>		<b>(36)</b>	<b>(143)</b>
<b>D Analysis of cash and cash equivalents</b>			
		2018 £'000	2017 £'000
Cash in hand and at bank		382	184
<b>Total cash and cash equivalents</b>		<b>382</b>	<b>184</b>

## **Principal accounting policies 31 August 2018**

### **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.

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

### **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 income is 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.

## **Principal accounting policies 31 August 2018**

### **Income (continued)**

#### ***Grants (continued)***

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.

#### ***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.

## Principal accounting policies 31 August 2018

### 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.

### 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.

## Principal accounting policies 31 August 2018

### 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 13. 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 14 and 15. 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.

### 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 23, 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.



## **Principal accounting policies 31 August 2018**

### **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 ESFA (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 ESFA funds comprise all other grants received from the ESFA.

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

### **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 academy trust does not have control over the charitable application of the funds. The academy 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 are disclosed in note 20.

**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.

- ◆ 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 22, 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.
- ◆ Estimating the useful economic life of fixed assets for the purpose of calculating depreciation.

## Notes to the financial statements

## 1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Capital grants	-	-	406	406	1,042
Donated fixed assets	-	-	-	-	-
Other donations	28	2	27	57	41
	<u>28</u>	<u>2</u>	<u>433</u>	<u>463</u>	<u>1,083</u>

## 2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Hire of facilities	60	4	64	53
Catering income	-	73	73	19
Miscellaneous income	95	-	95	103
	<u>155</u>	<u>77</u>	<u>232</u>	<u>175</u>

## 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
<b>DfE / EFA grants</b>				-	-
General Annual Grant (GAG)	-	9,791	-	9,791	10,047
Other DfE / EFA grants	-	426	-	426	408
	<u>-</u>	<u>10,217</u>	<u>-</u>	<u>10,217</u>	<u>10,455</u>
<b>Other Government grants</b>					
Local authority grants	-	458	-	458	346
	<u>-</u>	<u>458</u>	<u>-</u>	<u>458</u>	<u>346</u>
Other income from the academy trust's educational operations	366	75	-	441	318
<b>2018 total funds</b>	<u>366</u>	<u>10,750</u>	<u>-</u>	<u>11,116</u>	<u>11,119</u>

## Notes to the financial statements

## 4 Expenditure

	Staff costs £'000	Premises £'000	Other £'000	2018 Total funds £'000	2017 Total funds £'000
Expenditure on raising funds:					
Allocated support costs	20	-	-	20	46
Academy's educational operations:					
Direct costs	8,392	567	1,460	10,419	10,566
Allocated support costs	1,056	648	596	2,300	2,241
<b>2018 total funds</b>	<b>9,468</b>	<b>1,215</b>	<b>2,056</b>	<b>12,739</b>	<b>12,853</b>
Net income / (expenditure) for the year includes:					
Depreciation				773	855
Amortisation				-	-
Fees payable to auditor for					
Audit				11	14
Other services				5	4

## 5 Charitable activities

	2018 Total funds £'000	2017 Total funds £'000
Direct costs - educational operations	10,419	10,566
Support costs - educational operations	2,300	2,241
	<b>12,719</b>	<b>12,807</b>
Analysis of support costs		
Support staff costs	1,056	965
Depreciation	206	300
Premises costs	648	625
Other support costs	350	310
Governance costs	40	41
<b>Total support costs</b>	<b>2,300</b>	<b>2,241</b>

## Notes to the financial statements

**6 Staff****(a) Staff costs**

Staff costs during the period were:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	7,092	7,214
Social security costs	681	685
Pension costs	1,490	1,437
	<b>9,263</b>	<b>9,336</b>
Supply staff costs	205	265
Staff restructuring costs	-	-
	<b>9,468</b>	<b>9,601</b>

**(b) Staff numbers**

The average numbers of persons (including senior management team) employed by the Academy during the period expressed as average headcount and as full time equivalents was as follows.

Average headcount	2018 No.	2017 No.
Teachers	146	151
Administration and support	144	148
Management	10	9
	<b>300</b>	<b>308</b>

Full time equivalent	2018 FTE.	2017 FTE.
Teachers	126	131
Administration and support	87	87
Management	9	9
	<b>222</b>	<b>227</b>

**(d) Higher paid staff**

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

	2018 No.	2017 No.
£60,001 - £70,000	4	4
£70,001 - £80,000	-	-
£80,001 - £90,000	2	-
£140,001 - £150,000	-	1

**(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 £731,000 (2017 - £754,000).

**(f) Trustee expenses**

No expenses were reimbursed to trustees during the year ended 31 August 2018 (2017 - £nil).

# Kennet School Academies Trust

## Notes to the financial statements

### 7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

		Restricted funds		
	Unrestricted general fund £	General £	Fixed assets fund £	2017 Total Funds £
<b>Income from</b>				
Donations and capital grants	7	4	1,072	1,083
Charitable activities				
· Funding for the academy's educational operations	3	10,845	-	10,848
Other trading activities	143	303	-	446
<b>Total</b>	<b>153</b>	<b>11,152</b>	<b>1,072</b>	<b>12,377</b>
<b>Expenditure on:</b>				
Raising funds	46	-	-	46
Charitable activities				
· Academy's educational operations	102	11,850	855	12,807
<b>Total</b>	<b>148</b>	<b>11,850</b>	<b>855</b>	<b>12,853</b>
<b>Net income (expenditure)</b>	<b>5</b>	<b>(698)</b>	<b>217</b>	<b>(476)</b>
Transfers between funds	(255)	185	70	-
<b>Other recognised gains</b>				
Actuarial gains on defined benefit pension scheme	-	609	-	609
<b>Net movement in funds</b>	<b>(250)</b>	<b>96</b>	<b>287</b>	<b>133</b>
<b>Reconciliation of funds</b>				
Total fund balances brought forward at 1 September 2016	451	(4,550)	22,984	18,885
<b>Total fund balances carried forward at 31 August 2017</b>	<b>201</b>	<b>(4,454)</b>	<b>23,271</b>	<b>19,018</b>

## Notes to the financial statements

**8 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 multi academy trust. The principal 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:

	2018 £'000	2017 £'000
Mrs G L Piper, Executive Headteacher and Trustee from 01/01/2018		
Remuneration	80-85	60-65
Employer's pension contributions	10-15	5-10
Mr P Irving, Headteacher Whitelands Park Primary School, Trustee		
Remuneration	65-70	60-65
Employer's pension contributions	10-15	10-15
P G Dick, Executive Headteacher and Trustee to 31/12/2017 and Advisory Head from 01/01/2018		
Remuneration	80-85	145-150
Employer's pension contributions	0-5	0-5
M Keogh, Staff, Trustee		
Remuneration	30-35	25-30
Employer's pension contributions	5-10	0-5

**9 Trustees' and Officers' insurance**

The academy trust has opted in to the Department for Education's risk protection arrangements (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.

**10 Central Services**

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

- .. Human resources;
- .. Financial and Legal services;
- .. Governance and clerking services;
- .. Educational support services for school improvement and data analysis;
- .. IT services;

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

The actual amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Kennet School	26	21
Whitelands Park Primary School	5	9
<b>Total</b>	<b>31</b>	<b>30</b>



# Kennet School Academies Trust

## Notes to the financial statements

### 11 Tangible fixed assets

	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor Vehicles £'000	Total funds £'000
<b>Cost/valuation</b>					
At 1 September 2017	25,792	576	1,792	53	28,213
Additions	343	59	40	27	469
Disposals	-	-	-	-	-
At 31 August 2018	26,135	635	1,832	80	28,682
<b>Depreciation</b>					
At 1 September 2017	2,868	399	1,618	36	4,921
Charge in year	566	81	115	11	773
Disposals	-	-	-	-	-
At 31 August 2018	3,434	480	1,733	47	5,694
<b>Net book value</b>					
At 31 August 2018	22,701	155	99	33	22,988
At 31 August 2017	22,924	177	174	17	23,292

### 12 Debtors

	2018 £'000	2017 £'000
Trade debtors	40	25
VAT recoverable	50	278
Other debtors	-	-
Prepayments and accrued income	216	237
	306	540

### 13 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	331	170
Taxation and social security	159	182
Other creditors	16	9
Accruals and deferred income	23	103
	<b>529</b>	<b>464</b>
<b>Deferred income</b>		
Deferred income at 1 September 2017	37	17
Released during the year	(37)	(16)
Resources deferred in the year	5	37
Deferred income at 31 August 2018	<b>5</b>	<b>38</b>

Deferred income relates to parents from parents for music tuition in 2018-19.

### 14 Creditors: amounts falling due in greater than one year

	2018 £'000	2017 £'000
SALIX Loans	103	73
	<b>103</b>	<b>73</b>

Other creditors comprise solely of SALIX loans. The Trust has 4 SALIX loans, which are provided at nil interest and repayable over 8 years through deductions applied by the ESFA to September and March remittance payments. Three SALIX loans are attached to Condition Improvement Funding (CIF) for replacement window and boiler projects. The fourth is through the SALIX Energy Efficiency Fund for a LED lighting upgrade project. In all four cases repayments are funded through energy savings from the projects. Each project has its own repayment schedule and a sum of £5,120.50 is due in September 2018 and £10,949.25 is due in March 2019. The remaining payments totalling £103,250.75 are included above with the final payment scheduled for September 2026.

Kennet School Academies Trust

Notes to the financial statements

15 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	6	9,791	(9,931)	160	26
Pupil Premium	1	327	(327)	-	1
Other DfE / EFA grants	-	99	(99)	-	-
Pension reserve	(4,461)	-	(493)	931	(4,023)
	<u>(4,454)</u>	<u>10,217</u>	<u>(10,850)</u>	<u>1,091</u>	<u>(3,996)</u>
<b>Other restricted funds</b>					
Local authority grants	-	458	(458)	-	-
Other restricted funds	-	154	(154)	-	-
	<u>-</u>	<u>612</u>	<u>(612)</u>	<u>-</u>	<u>-</u>
<b>Total restricted funds</b>	<u>(4,454)</u>	<u>10,829</u>	<u>(11,462)</u>	<u>1,091</u>	<u>(3,996)</u>
<b>Restricted fixed asset funds</b>					
Transferred - Donated Assets	19,117	-	-	-	19,117
Acquired Assets	4,154	433	(773)	23	3,837
	<u>23,271</u>	<u>433</u>	<u>(773)</u>	<u>23</u>	<u>22,954</u>
<b>Unrestricted funds</b>					
General funds	201	549	(504)	(183)	63
<b>Total unrestricted funds</b>	<u>201</u>	<u>549</u>	<u>(504)</u>	<u>(183)</u>	<u>63</u>
<b>Total funds</b>	<u>19,018</u>	<u>11,811</u>	<u>(12,739)</u>	<u>931</u>	<u>19,021</u>

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	44	10,047	(10,270)	185	6
Pupil Premium	28	323	(350)	-	1
Other DfE / EFA grants	-	85	(85)	-	-
Pension reserve	(4,622)	-	(448)	609	(4,461)
	<u>(4,550)</u>	<u>10,455</u>	<u>(11,153)</u>	<u>794</u>	<u>(4,454)</u>
<b>Other restricted funds</b>					
Local authority grants	-	346	(346)	-	-
Other restricted funds	-	80	(80)	-	-
	<u>-</u>	<u>426</u>	<u>(426)</u>	<u>-</u>	<u>-</u>
<b>Total restricted funds</b>	<u>(4,550)</u>	<u>10,881</u>	<u>(11,579)</u>	<u>794</u>	<u>(4,454)</u>
<b>Restricted fixed asset funds</b>					
Transfer - Donated Assets	19,571	30	(484)	-	19,117
Acquired Assets	3,413	1,042	(371)	70	4,154
	<u>22,984</u>	<u>1,072</u>	<u>(855)</u>	<u>70</u>	<u>23,271</u>
<b>Unrestricted funds</b>					
General funds	450	401	(396)	(254)	201
Designated funds	1	23	(23)	(1)	-
<b>Total unrestricted funds</b>	<u>451</u>	<u>424</u>	<u>(419)</u>	<u>(255)</u>	<u>201</u>
<b>Total funds</b>	<u>18,885</u>	<u>12,377</u>	<u>(12,853)</u>	<u>609</u>	<u>19,018</u>

*Analysis of fund balance by academy*

	Total 2018 £'000	Total 2017 £'000
Fund balances at 31 August 2018 were as follows:		
Kennet School	78	202
Whitelands Park Primary School	12	6
<b>Total before fixed assets and pension reserve</b>	<u>90</u>	<u>208</u>
Restricted fixed asset fund	22,954	23,271
Pension reserve	(4,023)	(4,461)
<b>TOTAL</b>	<u>19,021</u>	<u>19,018</u>

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies	Other costs (excluding depreciation) £'000	Total 2018 £'000
Kennet	7,302	929	835	1,328	10,394
Whitelands Park	1,090	147	140	164	1,541
Central services	-	-	1	30	31
<b>Total net assets</b>	<b>8,392</b>	<b>1,076</b>	<b>976</b>	<b>1,522</b>	<b>11,966</b>

#### 17 Analysis of net assets between funds

	Unrestrict ed funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
<b>Fund balances at 31 August 2018 are</b>				
Tangible fixed assets	-	-	22,988	22,988
Current assets	63	540	85	688
Current liabilities	-	(513)	(16)	(529)
Non-current liabilities	-	-	(103)	(103)
Pension scheme liability	-	(4,023)	-	(4,023)
<b>Total net assets</b>	<b>63</b>	<b>(3,996)</b>	<b>22,954</b>	<b>19,021</b>

#### 18 Capital commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements.	271	39

#### 19 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £21,776 and disbursed £23,318 from the fund (including a sum of £3,141 which was carried forward from 2016-17). An amount of £1,599 is included in other creditors relating to undistributed funds. The academy trust must utilise these funds in 2018-19 and has no bursary funding from any year prior to 2017-18 which is repayable to the ESFA.

#### 20 Related Party Transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Directors 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 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.

Mr M Cole, a member of the Trust is employed as an invigilator at Kennet School.

The Executive Head is a volunteer at Oakwood Youth Challenge and there has been one related party transaction totalling £1458 in 2017-18 for rock climbing sessions.

The Trust has used West Berkshire Training Consortium as one of its apprenticeship training providers and in 2017-18 incurred 12 monthly transactions totalling £1080. Mr C Heslop who was a Director during 2017-18 is also a Director of the Consortium.

## 21. 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 Royal County of Berkshire Pension Fund. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### Teachers' Pension Scheme

#### *Introduction*

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

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

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

## 21. Pension and similar obligations (continued)

### Teachers' Pension Scheme (continued)

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

- ♦ the assumed real rate of return is 3% 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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension cost paid to TPS in the period amounted to £1,303,429 (2017 - £1,327,366).

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 contribution made for the year ended 31 August 2018 was £367,000 (2017 - £340,000), of which employer's contributions totalled £274,000 (2017 - £250,000) and employees' contributions totalled £93,000 (2017 - £90,000).

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

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.8%	4.2%
Rate of increase for pensions in payment / inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.7%	2.6%
Inflation assumption (CPI)	2.3%	2.7%
Commutation of pensions to lump sums	50.0%	50.0%

21. Pension and similar obligations (continued)

**Local Government Pension Scheme (LGPS)**

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	23.1	23.0
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	25.3	25.2
Females	27.5	27.4

	At 31 August 2018 £'000	At 31 August 2017 £'000
<b>Sensitivity analysis</b>		
Discount rate +0.1%	(178)	(178)
Discount rate -0.1%	183	183
Mortality assumption – 1 year increase	236	236
Mortality assumption – 1 year decrease	(229)	(229)
Salary increase rate +0.1%	27	27
Salary increase rate -0.1%	(27)	(27)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	1,429	1,299
Corporate bonds	457	410
Property	417	359
Cash	450	301
Other	292	240
<b>Total market value of assets</b>	<b>3,045</b>	<b>2,609</b>



21. Pension and similar obligations (continued)

*Local Government Pension Scheme (LGPS)*

	2018 £'000	2017 £'000
<b>Amounts recognised in statement of financial activities</b>		
Current service cost	653	596
Net interest cost including administration charges	114	102
<b>Total operating charge</b>	<b>767</b>	<b>698</b>
<b>Analysis of pension finance costs</b>		
Net interest cost	(112)	(99)
Administration expenses	(2)	(3)
<b>Pension finance costs</b>	<b>(114)</b>	<b>(102)</b>

	2018 £'000	2017 £'000
<b>Changes in the net pension liability were as follows:</b>		
At 1 September 2017	(4,461)	(4,622)
Current service cost	(653)	(596)
Employer contribution	274	250
Net interest and administration cost	(114)	(102)
Net actuarial gain (loss)	885	470
Expected return on assets	46	139
<b>At 31 August 2018</b>	<b>(4,073)</b>	<b>(4,461)</b>

	2018 £'000	2017 £'000
<b>Changes in the present value of defined benefit obligations were as follows:</b>		
At 1 September 2017	(7,070)	(7,001)
Current service cost	(653)	(596)
Interest cost	(184)	(154)
Employee contributions	(93)	(90)
Actuarial gain/(loss)	885	707
Benefits paid	47	64
<b>At 31 August 2018</b>	<b>7,068</b>	<b>(7,070)</b>

	2018 £'000	2017 £'000
<b>Changes in the fair value of the Academy Trust's share of scheme assets:</b>		
At 1 September 2017	2,609	2,379
Interest income	72	55
Actuarial loss	—	(237)
Administrative expenses	(2)	(3)
Expected return on assets	46	139
Employer contributions	274	250
Employee contributions	93	90
Benefits paid	(47)	(64)
<b>At 31 August 2018</b>	<b>3,045</b>	<b>2,609</b>