
KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

WEDNESDAY



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KINGSWAY COMMUNITY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

A Yakas - Chair
W Simpson
J Roberts - Chair of Finance, Risk and Audit Committee
I Freeman - Vice Chair

Trustees

E Antrobus
I Freeman (resigned 16 April 2018)
J Gawne
K Moran
C McLoughlin (appointed 3 April 2018)
M Latham
J Roberts
C Thomas (appointed 26 February 2018)
L Vyas
A Yakas

Company registered number

8339302

Company name

Kingsway Community Trust

Principal and registered office

Ladybarn Primary School, Briarfield Road, Withington, Manchester, Manchester, M20 4SR

KINGSWAY COMMUNITY TRUST
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Company secretary

S Beecher

Chief executive officer

L Vyas

Senior leadership team

L Vyas, Executive Head
J Swailes, Head of School
J Harriott, Head of School
H Chase, Head of School

Independent auditor

Crowe U.K. LLP, 3rd floor, The Lexicon, Mount Street, Manchester, M2 5NT

Bankers

Lloyds Bank, 42-46 Market Street, Manchester, M1 1PW

Solicitors

Michelmores, 48 Chancery Lane, London, WC2 1JF

KINGSWAY COMMUNITY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2017 to 31 August 2018.

1. Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. Kingsway Community Trust (KCT), which is a Multi Academy Trust (MAT), was incorporated on 21 December 2012 and commenced its activities on transfer of Ladybarn Primary School and Green End Primary School from the Local Authority on 1 September 2013. Cringle Brook Primary School is a Free School, which subsequently joined KCT and opened in April 2014. The Trustees of KCT are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year are included in the Reference and Administrative details on page 1.

Members' Liability

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

Trustees' Indemnities

The Trust has purchased indemnity insurance to protect the Trustees and Officers from claims arising in connection with the Academy's business. The insurance provides unlimited cover on any one claim.

Principal Activities

KCT is committed to ensuring that every child succeeds highly during their time at the schools and this commitment is at the heart of everything the Trust does. Through excellent leadership and strong governance, high academic achievement, strong social skills and a sense of place in the world for every child is developed.

The Trust has a team of highly skilled teachers who deliver motivating lessons which challenge all children to achieve the best possible outcomes. Everything the children experience at Ladybarn, Green End and Cringle Brook is developed with the children in mind.

High standards from all our staff are expected and, in turn, expected from all children, with high attendance and excellent punctuality.

All parents are expected to be fully involved in their child's education and there are plenty of opportunities for them to participate in school life.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Organisational Structure

The Trust is governed by its Trust Board who are Directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation. The organisational structure of the Trust consists of three levels – (i) the Trust Board (ii) the Executive Headteacher and (iii) the Senior Leadership team (SLT). The Trust Board are responsible for setting policy, strategy & monitoring the Trust's performance and there is a detailed Scheme of Delegation which stipulates what tasks & responsibilities have been delegated to each committee. Certain elements are delegated to the following committees:

- Finance, Risk and Audit Committee (FRAC)
- Cringle Brook Local Governing Body
- Green End & Ladybarn Local Governing Body
- Pay and Performance Management Committee

The Executive Headteacher is also the Accounting Officer and has executive responsibility for implementing the strategy and policy agreed by the Trustees and reporting back to them. The Executive Headteacher is supported by the SLT

Method of Recruitment and Appointment or Election of Trustees

The Members may agree, by majority vote, to appoint up to 2 Trustees as they see fit and may unanimously, in writing, agree to remove any such additional members.

The Trustees of the KCT may appoint in accordance with the Articles of the Association, the following:

1. A minimum of two parent Trustees (Parent Trustees shall be elected or appointed by the Board).
2. Up to 10 Trustees, (the number of Trustees who are employees of the Trust cannot exceed one third of the total number of Trustees including the Executive Headteacher)
3. Appointment of Trustees needs to take into consideration the needs of the Trust and the contribution, skills and experience an individual can offer. This is done in conjunction with the skills audit (undertaken by the Trust board every two years) which identifies any skill gaps that may exist within the existing Trustees.

In the event of a vacancy, the Clerk of the Trust Board would request nominations on behalf of the board.

Policies and Procedures Adopted for the Induction and Training of Trustees/Governors

All Trustees and Governors are expected to undergo induction training in accordance with the Trust's Induction policy. Training provided for new Trustees/Governors depends upon their existing experience and is tailored specifically to their individual needs and experiences. Where necessary, training is provided on charity, educational, legal and financial matters.

The Chair of the Trust Board, Executive Headteacher and the SLT undertake training and induction of any new Governors and Trustees. As part of the induction process, all new Governors and Trustees are given a briefing on the aims, values and drivers of the Trust. This includes a tour of the facilities and an introduction to staff and students. All Governors and Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors and Trustees. All Governors and Trustees sign the Trust's Governance Code of Conduct which includes adhering to the seven principles of public life.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Trust is a member of the National Governors Association (NGA) which assist in the training and support for Trustees/Governors. During the year under review the Trustees/Governors have completed the following training:

- Chairs' Leadership Development
- Governance Conference attendance
- Regional School's Commissioner Conference on MAT development
- Headteachers' Roundtable National Conference
- Governors Impact
- General Data Protection Regulation
- Safer Recruitment in Education
- Audit
- Ofsted Data Dashboard
- Equality
- Diversity in the workplace
- Health & Safety

Risk management

The Trust Board and the Senior Leadership Team are responsible for identifying the risks faced by the Trust, establishing procedures to mitigate these risks and ensuring that employees are aware of these procedures and the implications of failing to implement them. They are satisfied that these procedures are consistent with the guidelines issued by the Charity Commission.

The Trust Board have assessed the major risks to which the Trust is exposed, in particular those relating to the buildings and related facilities, teaching and learning and the operations of the Academy. The Trust Board and the SLT have implemented a Risk Management system which identifies risks and necessary control measures to mitigate risks, both in terms of finance and operations.

Risk management is being embedded in the management of the Trust and are reviewed by the SLT on a regular basis. Key risks identified are reviewed by the various Trust committees (Local Governing Bodies and the Finance, Risk and Audit Committee) and reported to the Trust Board.

Connected Organisations and Related Party Relationships

Although there are a number of professional links to other schools and third party organisations, the Trust is an independent company with no affiliations to outside bodies. The Trust also works closely with a wide variety of other bodies in the education sector.

None of these organisations are considered to constitute formal related parties.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	Nil
Full-time equivalent employee number	Nil

Whilst there are no employees who use faculty time for union activities the Trust does have union representatives in the schools.

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time	£
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Total cost of facility time	6,407
Total pay bill	4,539,174
Percentage of total pay bill spent on facility time	0.1 %

The total facility time costs of £6,407 represents a payment to Manchester City Council (MCC) to allow KCT staff access to and support from MCC union representatives.

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	Nil %
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Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

KINGSWAY COMMUNITY TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

2. Objectives, Strategies and Activities, Objects and Aims

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

Our Trust

- Provides a nurturing and safe environment where excellence and diversity are valued and celebrated;
- Creates enthusiasm for learning that will shape young people's lives and future chances;
- Enables children to build friendships and relationships through respect, teamwork and valuing their community;
- Harnesses all children's potential so that there are no limits as to what they can achieve.

In addition to the above aims, the Trust produces an Annual Trust Improvement Plan which sets out the priorities for the forthcoming year as well as reviewing those of the past period. The plan covers the key improvement activities that take place through the school year. The Trust Board also produces an Annual Governance Development Plan.

3. Achievements and Performance

Achievements in the Year

What have been the academic successes this year?

The committed staff team have been able to take the Trust forward in a number of ways. This has resulted in continuing high standards of teaching and learning and excellent progress made across the three schools.

- Cringle Brook, Green End and Ladybarn have substantially attained at or above the national average at age related expectations in Early Years Foundation Stage (EYFS), Year 1 phonics and Key Stage 1 (KS1) (see tables on pages 9 and 10).
- Green End and Ladybarn¹ continue to achieve well above National expected averages in Key Stage 2 (KS2). The results for children achieving above expected level at KS2 at Ladybarn have been particularly high and well above the national average, with Green End also above National exceeding averages in all areas.
- Pupil Premium - this was used to target children both individually and in groups to raise attainment and aspiration, develop a range of social skills and support children and their families.
- Sport and Primary PE grants - these have been used effectively and has resulted in an increase in both pupil participation, teacher knowledge of PE and success in competitive sports across a broad range of areas in year 5 and 6.

¹ Cringle Brook does not currently have KS2 data as they have no year 6 class.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

How Do School Leaders and Trustees/Governors Promote School Improvement?

At KCT, all leaders have the children's safety, welfare and learning at the forefront of all decision making. Each member of the Senior Leadership Team is a leader of at least one aspect of the school's life, working as a strong team to improve learning and to raise standards. Pupil voice, through the school councils, and parent consultation, through regular surveys, mean that the whole school community is part of the consultation and decision making process. Trustees each have lead oversight in a key aspect of the Trust and meet with operational leads regularly throughout the academic year. The Executive Headteacher works with all aspects of the Trust community to identify priorities, plan and action developments for these and to closely monitor outcomes.

How Much Progress Have Pupils Made?

When children start in the Early Years and Foundation Stage they join us with a range of abilities and due to the focus given to individual needs and targets across the school, by the end of year 2 and year 6 the vast majority have made extremely good individual progress.

Key Performance Indicators

How do school leaders and Trustees/Governors promote school improvement?

The Trust Board monitors school improvement priorities through regular visits to the school for meetings to discuss progress, through in-depth analysis of both internal and external evidence. It also spends time on scrutiny of documentation and ensures that a rigorous appraisal procedure of the Executive Headteacher and staff is adhered to. All staff, trustees and governors strive to ensure that all the children in the Trust work hard and achieve their highest potential.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Assessment outcomes 2018

(i) Early Years Foundation Stage (EYFS)

Age Related Expectations (ARE) - %

	Cringle Brook	Green End	Ladybarn	National 17
Good Level of Development	80	86	77	71
Prime Learning Goals	83	88	82	79
Literacy	80	86	77	72.8
Maths	80	90	80	77.9
Communication and Language	83	90	82	82.1
Physical Development	83	93	85	87.5
Personal, Social and Emotional	87	88	85	85.2
Understanding the World	87	90	87	83.6
Expressive Arts and Design	87	92	88	86.7

Exceeding - %

	Cringle Brook	Green End	Ladybarn	National 17
Good Level of Development	17	19	10	N/A
Prime Learning Goals	17	20	10	N/A
Literacy	20	24	33	10.3
Maths	20	24	38	12.2
Communication & Language	37	25	28	14.8
Physical Development	30	29	42	18.0
Personal, Social and Emotional	23	20	20	10.1
Understanding the World	27	24	20	7.5
Expressive Arts and Design	27	29	13	11.6

Phonics - %

	Cringle Brook	Green End	Ladybarn	National 17
Year 1	87	90	82	81
Year 2	50	86	75	N/A

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(ii) KS 1 results

At expected (%)

	Cringle Brook	Green End	Ladybarn	National 17
Reading	79	92	88	76
Maths	83	88	90	75
Grammar, Punctuation, Spelling	76	86	80	N/A
Writing	79	88	78	68
Combined	76	87	78	64

Working at greater depth (%)

	Cringle Brook	Green End	Ladybarn	National 17
Reading	28	32	32	25
Maths	28	27	27	21
Grammar, Punctuation, Spelling	21	26	23	N/A
Writing	24	27	22	16
Combined	14	18	16	11

(iii) Key Stage 2 results (Cringle Brook have no KS2 as currently do not have a year 6 class)

Test outcomes – expected (%)

	Green End	Ladybarn	National 18
Reading	84	92	75
Mathematics	89	93	76
Writing	90	85	78
Grammar, Punctuation, Spelling	87	88	78
Combined	79	86	64

Outcomes – achieving a high score of 110 (%)

	Green End	Ladybarn	National 17
Reading	29	42	25
Writing	23	24	18
Mathematics	29	48	23
Grammar, Punctuation, Spelling	41	64	31
Combined	11	14	9

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Going concern

After making appropriate enquiries, the Trust Board has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board of Trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

4. Financial Review

Revenue income received in the year relates predominantly to grants received from the Education & Skills Funding Agency (ESFA) in the form of the General Annual Grant and Pupil Premium grant which are shown as Restricted General Funds in the Statement of Financial Activities.

A number of other grants have been received, the most significant being

- (i) a post opening grant for establishing of Cringle Brook,
- (ii) Universal Free School Meals – this is a grant to provide all children from Reception to Year 2 with free school meals
- (iii) Early Years – this partially funds the provision of places for the Nursery aged pupils and
- (iv) Higher Needs – this is specific funding for pupils who have a Health Education Care Plan.

Also, Cringle Brook undertook additional capital work to their IT programme and playground. These were both funded by a combination of (i) the Trust's own resources and (ii) capital grants from the ESFA.

Excluding both the restricted pension and fixed asset funds, the Trust has had a total income of £6,146,779 which covered the total expenditure of £6,081,754.

Principal Risks and Uncertainties

The principal risks are reviewed by the Trustees. While the main financial risk facing the Trust seems to be the competitive marketing of other local primary schools the numbers on roll have not declined and the popularity among the school communities is strong. Another risk remains the potential reduction in general Annual Grant and the Trust is monitoring this closely.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial Strategy

The purpose of this strategy is to outline the factors to be taken into account, and the drivers which should inform spending decisions within the Trust. All expenditure should be directed towards furtherance of the educational aims of the Trust. In order to support these aims, funds will be directed as appropriate toward the following areas:

- Maintenance of a high quality educational provision for all pupils, encompassing both core and a wide range of enrichment activities within the curriculum
- Maintenance of adequate levels of cash and working capital in order to endure financial security for the operations of the Trust
- The need to invest in capital projects as required to ensure that the estate and infrastructure remains fit for purpose and able to support the educational objectives of the Trust
- The need to invest in training and development of staff.

Where funds are limited, it will be necessary to prioritise expenditure. The following may be taken into account when prioritising expenditure:

- The educational needs of the pupils
- Maintenance of intergenerational equity, in order to ensure that all generations of pupils passing through the school receive the benefit of resources available
- The business case and expected benefits for new developments and capital projects
- The ability to defer capital projects or expenditure
- Achieving a mix of levels of experience in staff
- Evaluation of the effectiveness of ongoing initiatives

Where possible, the Trust should seek to maximise financial resources available by such activities as:

- Introducing income generating activities where appropriate (e.g. from use of facilities)
- Ensuring that a value for money culture is embedded in the business, and good procurement practices are in place, including obtaining appropriate quotes before committing to expenditure, making use of established procurement frameworks and group purchasing opportunities
- Ensuring that cash reserves are invested in interest bearing accounts
- Ensuring that good financial processes and controls are embedded in the business to reduce the risk of financial losses and fraud.

Reserves Policy

The policy of the Trust is to carry forward a prudent level of resources designed to meet the long term plan and any unforeseen contingencies subject to the levels permitted by the ESFA. Currently there are no funds with a deficit other than the pension reserve. The Trustees updated its reserves policy and the key points are detailed below.

Reserves are held to ensure that the Trust has sufficient resources to continue to advance the education of pupils. There are a number of constraints placed upon academies in terms of financial management. One of these constraints is the inability to borrow funds. This constraint represents a key risk to KCT in relation to financial planning and monitoring. One of the ways in which KCT mitigates this risk is through the effective management of reserves, which provide alternative temporary funding streams should there be a delay in grant receipts or a sudden unforeseen increase in expenditure.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The main financial risk to the Trust is that of managing its short term cash flow effectively. To mitigate this risk, it has been agreed that an appropriate reserves balance would consist of the following two factors:

1 – 8% of GAG income for each school which equates to the following for the 17-18 financial year

School	Amount £
Cringle Brook	66,690
Green End	151,949
Ladybarn	<u>155,387</u>
Total	<u>374,026</u>

2 – Contingency for unexpected one-off repairs and an amount of £10,000 per school would be appropriate for such expenditure

This gives a combined minimum reserves figure of £404,026 across the Trust. The total of the unrestricted reserves as at 31 August 2018 was £1,111,848.

Also, the following two issues are factors in determining the level of reserves required for each school within this MAT. These two factors are

- Reserves may be allocated to fund one-off capital expenditure
- Given the (i) uncertainty over future funding levels, (implementation of the National Funding Formula) and (ii) increasing cost pressures (pay awards and pension costs), reserves will need to be used to allow a smoother transition to any changes in financial budgets.

The following restrictions should be noted regarding the reserves. The EFSA are able to set limits on the sum of GAG that can be carried forward from one year to the next. There are currently no limits in place. Also, the DfE does expect academies to use their allocated funding for the full benefit of their current pupils. Therefore, the Trust will not build up a substantial surplus without having in place a clear plan for how it will be used to benefit our pupils.

Finally, the use of reserves is subject to approval by the Trust's Finance Risk & Audit Committee.

The Trustees are responsible for ensuring the funds are maintained and that reserves are used only as described in this policy. Access to reserves requires analysis of the reason for the request of reserves, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required. Authorisation to use the reserves should be obtained at the next Finance Risk & Audit Committee meeting. Upon approval, the Trust will keep a record of the use of these funds.

The Trustees intend to review the reserve levels of the Trust annually. This review will consider the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. A cautious and low risk approach has been taken in forecasts of both income and expenditure.

The Trust receives donations given for certain purposes. Whilst every endeavour will be made to meet the donor's original wishes, the Trust reserves the right to allocate this income against the general expenditure of the Trust, which is aligned to the educational purposes of the Trust.

Investment Policy and Powers

The Trust has developed finance and investment strategy that would allow any surplus funds to be deposited in an interest bearing account. At present this would be dependent on cash flow.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Plans for the Future

The Trust will continue to

- Strive to ensure that all students are able to realise their potential in both academic and non academic terms
- Encourage and inspire everyone in our community to believe and achieve their best.
- Ensure that resources are stimulating and meet pupil needs
- Keep up to date with new technologies.
- Ensure appropriate access for all

The key attendance target for 2017-18 is an absence rate of 3.5% in each school. The national absence rate is yet to be confirmed.

Fundraising

The Trustees are committed to ensuring that fundraising activities are carried out in an ethical manner. In doing so, the Trust will adhere to the following standards:

- The Trustees will have regard to the Charity Commissions publication 'Charity Fundraising' (CC20).
- Fundraising activities carried out by the school will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the school's stated mission and purpose.
- All personal information collected by the school is confidential and is not for sale or to be given away or disclosed to any third party without consent.
- Nobody directly or indirectly employed by or volunteering for the school shall accept commissions, bonuses or payments for fundraising activities on behalf of the organisation.
- No general solicitations shall be undertaken by telephone or door-to-door.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the school.
- Financial contributions will only be accepted from companies, organisations and individuals the Board considers ethical. All Trustees, temporary & permanent staff and volunteers are responsible for adhering to these procedures.
- Any fundraising activity will report regularly to the FRAC, including tabling of meeting minutes at full Trustees meetings.
- Fundraising activities should not be undertaken if they will expose the organisation to significant financial risk.
- Complaints will be dealt with in accordance with the Charity Commissions guide CC20.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Disclosure of information to auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' report was approved by order of the Trust Board, as the company directors, on 17/12/18 and signed on its behalf by:



A Yakas
Chair of the Board

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GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Kingsway Community 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 Trust Board has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Kingsway Community Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
E Antrobus	4	4
I Freeman	3	3
J Gawne	2	4
K Moran	4	4
M Latham	3	4
C McLoughlin	2	2
J Roberts	4	4
C Thomas	2	2
L Vyas	4	4
A Yakas (chair)	4	4

The Finance Risk and Audit Committee (FRAC) is a subcommittee of the main Trust Board. Its purpose is to ensure that the schools operate within all appropriate Financial Regulations and to guide and assist the Executive Headteacher, the Heads of School and the Trust Board in all budget and financial matters. Its purpose is also to review the overall risk profile of the Multi Academy Trust (MAT) and to monitor the risk management techniques employed at all levels within the Trust. In addition, it reviews the effectiveness of financial controls and advises the governing body of all aspects of audit.

During the period the FRAC reviewed and approved a number of key policies. The committee reviewed revised and enhanced budget monitoring reports and approved submissions to the ESFA.

During the period the Trust members approved the reappointment of external auditors for a third year.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Roberts (Chair)	4	4
L Vyas	4	4
I Freeman	3	3
A Yakas	4	4

Review of Value for Money

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the Academy 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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Trust Board where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Review of contracts in place to identify opportunities to negotiate better terms and/or reduce the utilisation of goods and services to ensure a better return from the money spent and services provided.
- Further rigour in assessing the financial position over the longer term.
- Identification of improvements to financial controls to reduce the risk of improper use of public money
- Improved monitoring of internal controls

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

Capacity to Handle Risk

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

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GOVERNANCE STATEMENT (continued)

Key risks

The board of Trustees consider the key risks facing the trust and their mitigating factors to be the following:

Government policy on funding

If there is an unexpected drop in income because of government policy changes this could result in a deficit budget. The board consider that they have the requisite level of unrestricted funds in place to minimise this risk

Educational changes

If there is a significant amount of educational change, driven by external factors (e.g. Government policy, Examination and Assessment changes etc), the school may not be able to cope effectively. A watching brief is maintained by senior staff of all policy changes and educational updates are sourced from a variety of agencies.

Political pressure

Potential external political pressure to grow the size of the MAT may place additional resource pressure on current infrastructure. The Trustees have reviewed and refined MAT governance structures to ensure this is 'future proof', in the event of growth.

Local competition

With the expansion of neighbouring schools, the local competition to fill for school places has risen. The Trustees are monitoring pupil numbers carefully and the schools are ensuring that contact with prospective parents is of the highest quality

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust Board;
- regular reviews by the Finance, Risk and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.
- Internal audit function from 2 different companies to assess the robustness of financial controls and the security of IT systems and assets.

The FRAC considered the need for a specific internal audit function and decided to have the following two internal audits carried out during the financial year.

- (i) An audit of the robustness and adequacy of the financial controls operation within the Trust. This work was carried out by Beever and Struthers, which reported only a couple of minor issues. Both issues were rectified addressed prior to the report being submitted to the FRAC in September 2018.
- (ii) A review of the security of the Trust's IT systems and assets. This review was performed by a specialist IT company (Remedian). Again, this report was tabled at the FRAC meeting held in September 2018, with findings identified in the report having an appropriate action plan with an appropriate timeline.

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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

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

Approved by order of the members of the Trust Board on 17/12/18 and signed on their behalf, by:


A Yakas
Chair of the Board

 17.12.18
L Vyas
Accounting Officer

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Kingsway Community Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy 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 Academy Trust board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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



17.12.18

L Vyas
Accounting Officer

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

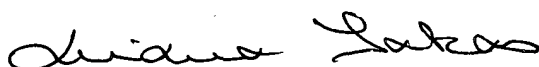
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

The directors, who are also Trustees, are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Trust Board on 17/12/18 and signed on its behalf by:



A Yakas
Chair of the Board

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KINGSWAY COMMUNITY TRUST**

Opinion

We have audited the financial statements of Kingsway Community Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust 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.

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KINGSWAY COMMUNITY TRUST**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report which includes the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KINGSWAY COMMUNITY TRUST**

accounting unless the Trustees either intend to liquidate the academy 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. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the academy's Trustees, 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 academy's Trustees 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 academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Vicky Szulist (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date:

18th December 2018

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGSWAY
COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6 June 2016 and further to the requirements of the Education & 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 Kingsway Community Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Kingsway Community Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kingsway Community 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 Kingsway Community Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Kingsway Community Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Kingsway Community Trust's funding agreement with the Secretary of State for Education dated 24 January 2013, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGSWAY
COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date:

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

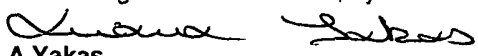
	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	-	-	42,867	42,867	30,945
Charitable activities	3	-	5,933,043	-	5,933,043	5,722,351
Other trading activities	4	209,465	-	-	209,465	171,535
Bank interest	5	4,271	-	-	4,271	3,415
Total income		213,736	5,933,043	42,867	6,189,646	5,928,246
Expenditure on:						
Educational operations		-	6,429,754	225,713	6,655,467	6,267,148
Total expenditure	8	-	6,429,754	225,713	6,655,467	6,267,148
Net before transfers		213,736	(496,711)	(182,846)	(465,821)	(338,902)
Transfers between Funds	19	(27,942)	21,882	6,060	-	-
Net income / (expenditure) before other recognised gains and losses		185,794	(474,829)	(176,786)	(465,821)	(338,902)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	538,000	-	538,000	597,000
Net movement in funds		185,794	63,171	(176,786)	72,179	258,098
Reconciliation of funds:						
Total funds brought forward		926,054	(692,447)	15,789,201	16,022,808	15,764,710
Total funds carried forward		1,111,848	(629,276)	15,612,415	16,094,987	16,022,808

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 8339302

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	14		15,593,998		15,789,201
Current assets					
Debtors	15	214,901		294,140	
Cash at bank and in hand		1,524,548		1,435,052	
		<u>1,739,449</u>		<u>1,729,192</u>	
Creditors: amounts falling due within one year	16	<u>(129,571)</u>		<u>(194,519)</u>	
Net current assets			<u>1,609,878</u>		<u>1,534,673</u>
Total assets less current liabilities			<u>17,203,876</u>		<u>17,323,874</u>
Creditors: amounts falling due after more than one year	17		<u>(10,889)</u>		<u>(13,066)</u>
Net assets excluding pension scheme liabilities			<u>17,192,987</u>		<u>17,310,808</u>
Defined benefit pension scheme liability	24		<u>(1,098,000)</u>		<u>(1,288,000)</u>
Net assets including pension scheme liabilities			<u><u>16,094,987</u></u>		<u><u>16,022,808</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	19	468,724		595,553	
Restricted fixed asset funds	19	15,612,415		15,789,201	
Restricted income funds excluding pension liability		<u>16,081,139</u>		<u>16,384,754</u>	
Pension reserve		<u>(1,098,000)</u>		<u>(1,288,000)</u>	
Total restricted income funds			<u>14,983,139</u>		<u>15,096,754</u>
Unrestricted income funds	19		<u>1,111,848</u>		<u>926,054</u>
Total funds			<u><u>16,094,987</u></u>		<u><u>16,022,808</u></u>

The financial statements on pages 27 to 50 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

 17/12/18
A Yakas
Chair of the Board

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	75,045	(25,239)
Cash flows from investing activities:			
Bank interest		4,271	3,415
Purchase of tangible fixed assets		(30,510)	(162,813)
Capital grants from the ESFA		42,867	30,945
Net cash provided by/(used in) investing activities		16,628	(128,453)
Cash flows from financing activities:			
Repayments of borrowings		(2,177)	(2,178)
Net cash used in financing activities		(2,177)	(2,178)
Change in cash and cash equivalents in the year		89,496	(155,870)
Cash and cash equivalents brought forward		1,435,052	1,590,922
Cash and cash equivalents carried forward	22	1,524,548	1,435,052

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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.

Kingsway Community Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trust continues to attract a high number of pupils and the September 2017 Reception intakes were oversubscribed. In conjunction with Manchester Local Authority, the Trust confidently projects that the schools will continue to be oversubscribed for entry into Reception.

The General Annual Grant (GAG) funding is currently directly linked to pupil numbers and therefore the trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. In addition, current funding allocates a significant amount of additional funding through the Pupil Premium for students who have been registered for free school meals at any point in the last six years (known as 'Ever 6 FSM'). The Trust currently has high numbers of its pupils in receipt of this funding which significantly increases the funds available. Future projections indicate that current levels of students entitled to the Pupil Premium will remain relatively stable over the next few years.

The three-year projection plans for the Trust as a whole show in-year positive balances for the next year but deficits in the subsequent two years. However, the Trust also carries healthy cash reserves which would be able to act as a buffer in these future years.

For these reasons the Trust continues to adopt the going concern basis in preparing the financial statements.

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities incorporating the income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating the income and expenditure account 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.

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities incorporating the income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

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

All expenditure is inclusive of irrecoverable VAT.

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating the income and expenditure account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating the income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold property	-	2% straight line
Furniture and fixtures	-	10% straight line
Computer equipment	-	20% straight line

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 incorporating the income and expenditure account.

1.6 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating the income and expenditure account on a straight line basis over the lease term.

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the trust'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 costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 Taxation

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

1.12 Pensions

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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 24, 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.

KINGSWAY COMMUNITY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

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

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

1.13 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2018 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.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Capital Grants	-	-	42,867	42,867	30,945
<i>Total 2017</i>	-	-	30,945	30,945	

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3. Funding for the Trust's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General annual grant (GAG)	-	4,675,323	4,675,323	4,570,106
Other DfE/ESFA grants	-	824,015	824,015	759,931
Local authority grants	-	433,705	433,705	392,314
	-	5,933,043	5,933,043	5,722,351
Total 2017	-	5,722,351	5,722,351	

4. Activities for generating funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Other income including catering income, trips and hire income	209,465	-	209,465	171,535
Total 2017	171,535	-	171,535	

5. Bank and building society interest

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank and building society interest	4,271	-	4,271	3,415
Total 2017	3,415	-	3,415	

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6. Direct costs

	Education £	Total 2018 £	Total 2017 £
Educational supplies and services	514,642	514,642	535,608
Staff development	9,933	9,933	19,231
Wages and salaries	3,287,103	3,287,103	3,106,267
Social security costs	279,048	279,048	265,282
Pension cost	518,219	518,219	487,218
	<u>4,608,945</u>	<u>4,608,945</u>	<u>4,413,606</u>
<i>Total 2017</i>	<u>4,452,640</u>	<u>4,452,640</u>	

7. Support costs

	Funding for educational operations £	Total 2018 £	Total 2017 £
Depreciation	225,713	225,713	214,246
Maintenance of premises and equipment	309,452	309,452	238,685
Rent and rates	18,941	18,941	17,749
Insurance	21,560	21,560	21,353
Interest and finance costs	37,977	37,977	36,502
Other support costs	436,898	436,898	471,754
Governance costs	60,460	60,460	50,150
Wages and salaries	514,791	514,791	515,195
Social security costs	34,122	34,122	29,393
Pension cost	386,608	386,608	258,515
	<u>2,046,522</u>	<u>2,046,522</u>	<u>1,853,542</u>
<i>Total 2017</i>	<u>1,814,508</u>	<u>1,814,508</u>	

During the year ended 31 August 2018, the academy incurred the following Governance costs:

£43,368 (2017 - £34,180) included within the table above in respect of legal and professional fees.

£15,272 (2017 - £14,810) included within the table above in respect of audit and non-audit services.

£1,820 (2017 - £1,160) included within the table above in respect of other governance costs.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Funding for educational operations:					
Direct costs	4,084,370	-	524,575	4,608,945	4,452,640
Support costs	935,521	500,036	610,965	2,046,522	1,814,508
	<u>5,019,891</u>	<u>500,036</u>	<u>1,135,540</u>	<u>6,655,467</u>	<u>6,267,148</u>
Total 2017	<u>4,661,870</u>	<u>435,551</u>	<u>1,169,727</u>	<u>6,267,148</u>	

In 2018, of the total expenditure, £6,655,467 (2017: £6,267,148) was to restricted funds.

During the year, the Trust incurred £180 of irrecoverable debts (2017: £119).

During the year, compensation costs of £Nil were made (2017: £7,845). No payments were made that were greater than £5,000.

9. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	225,713	214,246
Operational lease rental expenditure	<u>4,813</u>	<u>3,655</u>

10. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Trust's auditor and its associates for the audit of the Trust's annual accounts	11,000	10,750
Fees payable to the Trust's auditor and its associates in respect of: Non-audit services	<u>3,000</u>	<u>2,975</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

11. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,633,577	3,467,336
Social security costs	313,170	294,675
Operating costs of defined benefit pension schemes	904,827	745,733
	<u>4,851,574</u>	<u>4,507,744</u>
Supply teaching	168,317	146,281
Staff restructuring and severance costs	-	7,845
	<u>5,019,891</u>	<u>4,661,870</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy costs	-	6,547
Severance payments	-	1,298
	<u>-</u>	<u>7,845</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring and severance costs is a non-statutory severance payments totalling £Nil (2017: £1,298). In addition, £Nil (2017: £700) of legal costs were incurred in respect of these payments.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	57	55
Administration and support	144	144
Management	4	4
	<u>205</u>	<u>203</u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	0	2
In the band £70,001 - £80,000	2	0

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Staff costs (continued)

In the band £120,001 - £130,000	0	1
In the band £130,001 - £140,000	1	0

All of the above employees had employer pension contributions made on their behalf.

e. Key management personnel

The key management personnel is the SLT which comprises of the Executive Headteacher and Head of Schools. The total amount of employee benefits, including pension contributions, received by key management personnel for their services to the Trust was £434,409 (2017: £401,592).

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
Executive Headteacher	Remuneration	130,000-135,000	125,000-130,000
	Pension contributions paid	20,000-25,000	20,000-25,000
Staff trustee (resigned 31 August 2017)	Remuneration		40,000-45,000
	Pension contributions paid		5,000-10,000
Staff trustee (appointed 3 April 2018)	Remuneration	5,000-10,000	
	Pension contributions paid	0-5,000	

During the year, no Trustees received benefits in kind.

During the year ended 31 August 2018, two Trustees received reimbursement of expenses of £734 (2017 - £413).

13. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim. This policy includes cover for Employers Liability, Public Liability, Professional Indemnity and Property damage as well as Governors/Trustees insurance and the total cost for the year ended 31 August 2018 was £21,560 (2017 - £21,353).

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14. Tangible fixed assets

	Land and Buildings £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 September 2017	15,891,429	510,218	31,776	16,433,423
Additions	-	30,510	-	30,510
At 31 August 2018	<u>15,891,429</u>	<u>540,728</u>	<u>31,776</u>	<u>16,463,933</u>
Depreciation				
At 1 September 2017	498,361	120,513	25,348	644,222
Charge for the year	166,829	54,075	4,809	225,713
At 31 August 2018	<u>665,190</u>	<u>174,588</u>	<u>30,157</u>	<u>869,935</u>
Net book value				
At 31 August 2018	<u>15,226,239</u>	<u>366,140</u>	<u>1,619</u>	<u>15,593,998</u>
At 31 August 2017	<u>15,393,068</u>	<u>389,705</u>	<u>6,428</u>	<u>15,789,201</u>

15. Debtors

	2018 £	2017 £
Trade debtors	2,493	33,608
Other debtors	46,713	69,375
Prepayments and accrued income	165,695	191,157
	<u>214,901</u>	<u>294,140</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	2,177	2,177
ESFA creditor	3,171	2,922
Other creditors	11,247	11,247
Accruals and deferred income	112,976	178,173
	<u>129,571</u>	<u>194,519</u>

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16. Creditors: Amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	91,302	67,093
Resources deferred during the year	80,955	91,302
Amounts released from previous years	(91,302)	(67,093)
	<u>80,955</u>	<u>91,302</u>
Deferred income at 31 August 2018	<u>80,955</u>	<u>91,302</u>

Deferred income arises when Universal Infant Free School Meals income is received before the balance sheet date that relates to post balance sheet date.

17. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Other loans	<u>10,889</u>	<u>13,066</u>

Other loans represent an interest free loan of £13,066 (2017: £15,244) from Salix which is repayable over 8 years in half yearly installments of £1,088, commencing September 2016.

18. Financial instruments

	2018 £	2017 £
Financial assets measured at amortised cost	<u>1,547,452</u>	<u>1,492,789</u>
Financial liabilities measured at amortised cost	<u>48,616</u>	<u>103,217</u>

Financial assets measured at amortised cost comprises of cash and cash equivalents, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise ESFA creditor, other loans, other creditors and accruals.

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19. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	926,054	213,736	-	(27,942)	-	1,111,848
Restricted funds						
General Annual Grant (GAG)	595,553	4,675,323	(4,824,034)	21,882	-	468,724
DfE/ESFA grants	-	224,662	(224,662)	-	-	-
Pupil premium	-	599,353	(599,353)	-	-	-
LEA grants	-	433,705	(433,705)	-	-	-
Pension reserve	(1,288,000)	-	(348,000)	-	538,000	(1,098,000)
	(692,447)	5,933,043	(6,429,754)	21,882	538,000	(629,276)
Restricted fixed asset funds						
DfE/ESFA Capital grants	2,799,939	42,867	-	-	-	2,842,806
Transfer of land and buildings	12,989,262	-	(225,713)	6,060	-	12,769,609
	15,789,201	42,867	(225,713)	6,060	-	15,612,415
Total restricted funds	15,096,754	5,975,910	(6,655,467)	27,942	538,000	14,983,139
Total of funds	16,022,808	6,189,646	(6,655,467)	-	538,000	16,094,987

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

Restricted General Funds are used specifically to provide educational resources for the pupils of the Trust.

General Annual Grant Funds

Under the funding agreement with the Secretary of State, the Trust must use these funds for the normal running expenses of the school, and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

Other DfE/ESFA Grants

These comprise additional funding received for furtherance of education, which must be used in accordance with the specific terms of each grant.

Pension Reserve

This represents the recognition of the Trust's share of the Local Government Pension Scheme deficit.

Other funds within restricted general funds are restricted and spent in line with the criteria attached to

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. Statement of funds (continued)

them.

Restricted Fixed Asset Funds provide for the installation, maintenance and repair of the fixed assets of the Trust.

Unrestricted Funds are those other resources which may be used to further the objectives of the Trust.

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

Analysis of schools by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Ladybarn	819,895	763,190
Green End	439,485	470,430
Cringle Brook	321,192	287,987
Total before fixed asset fund and pension reserve	<u>1,580,572</u>	<u>1,521,607</u>
Restricted fixed asset fund	15,612,415	15,789,201
Pension reserve	(1,098,000)	(1,288,000)
Total	<u><u>16,094,987</u></u>	<u><u>16,022,808</u></u>

Analysis of schools by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	<i>Total 2017 £</i>
Ladybarn	1,733,926	258,648	201,128	416,437	2,610,139	2,525,462
Green End	1,628,562	254,035	169,779	471,687	2,524,063	2,513,639
Cringle Brook	556,956	107,447	103,520	179,629	947,552	789,801
	<u><u>3,919,444</u></u>	<u><u>620,130</u></u>	<u><u>474,427</u></u>	<u><u>1,067,753</u></u>	<u><u>6,081,754</u></u>	<u><u>5,828,902</u></u>

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19. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General Funds	809,006	174,950	-	(57,902)	-	926,054
Restricted funds						
General Annual Grant (GAG)	776,070	4,570,106	(4,676,657)	(73,966)	-	595,553
DfE/ESFA grants	-	186,827	(186,827)	-	-	-
Pupil premium	-	573,104	(573,104)	-	-	-
LEA grants	-	392,314	(392,314)	-	-	-
Pension reserve	(1,661,000)	-	(224,000)	-	597,000	(1,288,000)
	<u>(884,930)</u>	<u>5,722,351</u>	<u>(6,052,902)</u>	<u>(73,966)</u>	<u>597,000</u>	<u>(692,447)</u>
Restricted fixed asset funds						
DfE/ESFA Capital grants	2,768,994	30,945	-	-	-	2,799,939
Transfer of land and buildings	13,071,640	-	(214,246)	131,868	-	12,989,262
	<u>15,840,634</u>	<u>30,945</u>	<u>(214,246)</u>	<u>131,868</u>	<u>-</u>	<u>15,789,201</u>
Total restricted funds	<u>14,955,704</u>	<u>5,753,296</u>	<u>(6,267,148)</u>	<u>57,902</u>	<u>597,000</u>	<u>15,096,754</u>
Total of funds	<u>15,764,710</u>	<u>5,928,246</u>	<u>(6,267,148)</u>	<u>-</u>	<u>597,000</u>	<u>16,022,808</u>

	2018 £	2017 £
Costs as overleaf	6,081,753	5,828,902
Depreciation	225,713	214,246
Actuarial pension adjustment	348,000	224,000
Total as per note 8	<u>6,655,466</u>	<u>6,267,148</u>

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20. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,593,998	15,593,998
Current assets	1,111,848	609,184	18,417	1,739,449
Creditors due within one year	-	(129,571)	-	(129,571)
Creditors due in more than one year	-	(10,889)	-	(10,889)
Provisions for liabilities and charges	-	(1,098,000)	-	(1,098,000)
	<u>1,111,848</u>	<u>(629,276)</u>	<u>15,612,415</u>	<u>16,094,987</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	15,789,201	15,789,201
Current assets	926,054	803,138	-	1,729,192
Creditors due within one year	-	(194,519)	-	(194,519)
Creditors due in more than one year	-	(13,066)	-	(13,066)
Provisions for liabilities and charges	-	(1,288,000)	-	(1,288,000)
	<u>926,054</u>	<u>(692,447)</u>	<u>15,789,201</u>	<u>16,022,808</u>

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(465,821)	(338,902)
Adjustment for:		
Bank interest	(4,271)	(3,415)
Depreciation	225,713	214,246
Decrease/(increase) in debtors	79,239	(64,635)
Decrease in creditors	(64,948)	(25,588)
Capital grants from DfE and other capital income	(42,867)	(30,945)
Defined benefit pension scheme cost less contributions payable	312,000	189,000
Defined benefit pension scheme finance cost	36,000	35,000
Net cash provided by/(used in) operating activities	<u>75,045</u>	<u>(25,239)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank	1,524,548	1,435,052
Total	<u>1,524,548</u>	<u>1,435,052</u>

23. Capital commitments

As at 31 August 2018, the Trust had non-cancellable capital commitments totalling £Nil (2017: £10,322) relating to the construction of a playground area at Cringle Brook Primary School

24. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2018.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24. Pension commitments (continued)

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £331,508 (2017 - £322,022).

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

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

The LGPS is a funded defined benefit scheme, with assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £343,000 (2017 - £313,000), of which employer's contributions totalled £260,000 (2017 - £238,000) and employees' contributions totalled £83,000 (2017 - £75,000). The agreed contribution rates for future years are 13.6% - 19% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.20 %	3.20 %
Rate of increase for pensions in payment / inflation	2.40 %	2.50 %
Commutation of pensions to lump sums - pre April 2008	55.00 %	55.00 %
Commutation of pensions to lump sums - post April 2008	80.00 %	80.00 %

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

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

	2018	2017
Retiring today		
Males	21.5	21.5
Females	24.1	24.1
Retiring in 20 years		
Males	23.7	23.7
Females	26.2	26.2

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate -0.5%	650,000	574,000
Salary increase rate +0.5%	104,000	111,000
Pension increase +0.5%	539,000	453,000

The Trust's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,228,000	2,044,000
Corporate bonds	524,000	448,000
Property	229,000	168,000
Cash and other liquid assets	295,000	140,000
Total market value of assets	<u>3,276,000</u>	<u>2,800,000</u>

The actual return on scheme assets was £160,000 (2017 - £228,000).

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

	2018 £	2017 £
Opening defined benefit obligation	4,088,000	3,946,000
Current service cost	572,000	427,000
Interest cost	110,000	83,000
Employee contributions	83,000	75,000
Actuarial gains	(451,000)	(417,000)
Benefits paid	(28,000)	(26,000)
Closing defined benefit obligation	<u>4,374,000</u>	<u>4,088,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	2,800,000	2,285,000
Interest income	74,000	48,000
Actuarial gains	87,000	180,000
Employer contributions	260,000	238,000
Employee contributions	83,000	75,000
Benefits paid	(28,000)	(26,000)
	<u>3,276,000</u>	<u>2,800,000</u>
Closing fair value of scheme assets	<u>3,276,000</u>	<u>2,800,000</u>

25. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	5,858	4,714
Between 1 and 5 years	3,144	5,858
Total	<u>9,002</u>	<u>10,572</u>

26. Members' liability

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

27. Related party transactions

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

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 12.

There were no such related party transactions in the current or prior period.