

# Keskowethyans Multi Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Registration number: 08872161

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# Keskowethyans Multi Academy Trust

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# Keskowethyans Multi Academy Trust

## Reference and Administrative Details

<b>Members</b>	Ms J Kearsley Ms B J Pearson Askel Veur The Diocese of Truro Academies Umbrella Company Limited
<b>Governors and Trustees (Directors)</b>	Mrs P Miller, (Chair) Mrs M Mita, (Vice Chair) Mr T Harman, (Headteacher) Miss W Prescott, (Assistant Headteacher) Mr C Sealey Rev P Sharpe Mr M Bayliss (resigned 12 October 2015) Mr C Hosken (resigned 27 January 2016) Ms J A Halliday Mr P Relton (resigned 9 May 2016) Mr M Lever (resigned 7 December 2015) Mrs J Dudley Mr S Armstrong (appointed 4 July 2016)
<b>Company Secretary</b>	Mrs Sarah Lyne
<b>Senior Management Team</b>	Mr T Harman, Headteacher Miss W Prescott, Assistant Headteacher Mrs S Lyne, Business Manager
<b>Principal and Registered Office</b>	St Keverne Primary School School Hill Helston Cornwall TR12 6NQ
<b>Company Registration Number</b>	08872161
<b>Auditors</b>	PKF Francis Clark Lowin House Tregolls Road Truro Cornwall TR1 2NA
<b>Bankers</b>	Lloyds Bank PLC 1 Market Place Helston Cornwall TR13 8SU

# **Keskowethyans Multi Academy Trust**

## **Reference and Administrative Details (continued)**

<b>Solicitors</b>	Browne Jacobson 1 Manor Court Dix's Field Exeter Devon EX1 1UP
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# **Keskowethyans Multi Academy Trust**

## **Trustees Report for the Year Ended 31 August 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Keskowethyans operates a five school Multi Academy Trust situated on the Lizard Peninsula in Cornwall. Its academies have a combined pupil capacity of 324 and had a roll of 197 pupils aged 4 to 11 in the school census of October 2016.

### **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. The Directors act as the Trustees for the charitable activities of the Keskowethyans Multi Academy Trust and are also the Directors of the charitable company for the purpose of Charity law. The charitable company is known as the Keskowethyans Multi Academy Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### ***Members' liability***

Each member of the charitable company undertakes to contribute to the assets of the 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.

#### ***Trustees' indemnities***

In accordance with normal commercial practice the Keskowethyans MAT has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides unlimited cover.

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

Trustees are appointed in accordance with the Articles of Association and the DfE Funding Agreement of the Keskowethyans Multi Academy Trust, including three Foundation Directors, appointed by Askel Veur, the Diocese of Truro's Academies Umbrella Company. Following a review of the role of the local governing bodies, and consultation with those involved, the Board has introduced a new group to be known as Partners in Learning, who now have a role at local level in each academy monitoring and delivering the School's Action Plan and associated educational tasks. Some members of the Partners in Learning group were previously local governors, but new members are now recruited from both parents and community. This initiative is proving to be very satisfactory at all levels.

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

The MAT has an appointed trustee with overall responsibility for the training and induction of new and existing trustees. Policies for dealing with this aspect of the Board's work will continue to be developed and reviewed in conjunction with the Clerk to the trustees. A majority of presently appointed members of the Board have been members of their local governing bodies and individually have significant skills and experience in primary education.

# **Keskowethyans Multi Academy Trust**

## **Trustees Report for the Year Ended 31 August 2016 (continued)**

### ***Organisational structure***

The Board meets twice a term, but will convene extra meetings where necessary. The Board establishes an overall framework for the governance of the Multi Academy Trust and determines membership, terms of reference and procedures of committees and other groups.

The Headteacher is the Accounting Officer. The Headteacher, senior leadership team and staff are responsible for the day to day running of the MAT and all operational decisions.

Finance, Curriculum, Personnel and Premises Committees have been established to monitor and advise on various aspects of the Board's work. Members of these committees are drawn from the Board and the Partners in Learning group and normally meet once a term, with the exception of the finance committee which meets more regularly. Partners in Learning meet termly.

The Board receives termly reports from both the Committees and Partners in Learning.

Policies are reviewed at committee level and presented to the Board for adoption in accordance with the prescribed schedule of review.

### ***Arrangements for setting pay and remuneration of key management personnel***

Pay and remuneration of staff and key management personnel are dealt with through the Pay Review Group which meets annually to conduct a thorough review of the remuneration of all MAT personnel. Interim meetings are held if deemed necessary. Increases in staff pay are performance related and in accordance with the MATs Pay Policy. National pay awards are generally honoured for all staff.

### ***Risk management***

The Trustees are responsible for the management of the risks faced by the Trust. A Risk Register has been established as defined in the Academies Financial Handbook, to evaluate strategic and reputational, operational, compliance and financial risks to which the Trust is exposed. This forms the basis of a formal risk management process to assess risks and to implement risk management strategies. Actions taken and those required to be taken to control these risks are noted throughout the year. Major risks have been identified and systems have been developed to regularly monitor, review and control all risks in order to mitigate any future impact they may have on the Trust.

Risks appropriate to the Board and each committee are reviewed regularly at their meetings.

# Keskowethyans Multi Academy Trust

## Trustees Report for the Year Ended 31 August 2016 (continued)

### Objectives and activities

#### *Objects and aims*

The Trust's principal object and activity is to advance for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing academies which shall offer a broad and balanced curriculum.

The central aims of the Keskowethyans Multi Academy Trust are:

- To provide a well-resourced and rich school based learning environment
- To provide opportunities for children and staff to maximise potential
- To provide inclusive school communities with a deep sense of belonging
- To become outstanding academies
- To provide rapid and sustained improvement in the standard of educational attainment and achievement of all pupils
- To embed high quality leadership in each of the five schools
- To provide a broad and balanced curriculum across the Multi Academy Trust
- To ensure each pupil enjoys the same high quality education
- To ensure the needs of all learners are efficiently met
- To develop the ethos of each individual school and the Multi Academy Trust as a whole
- To conduct the Multi Academy Trust's business in accordance with the highest standards of integrity, probity and openness
- To provide value for money

#### *Objectives, strategies and activities*

Key priorities are contained within the Keskowethyans Multi Academy Trust Improvement Plan, supported by school-specific Action Plans, for English, Maths and Early Years. Areas for improvement have been identified by recent OFSTED Inspections and regular School Self-evaluation of all five schools. Key areas for improvement in 2016/2017 include:

- Continued focus on raising standards of attainment, with a clear focus on higher attainers
- Developing greater independence and resilience in learners;
- Embedding new approaches to marking and feedback;
- Improving the quality of the learning environment, particularly in two of the schools;
- Attendance and punctuality;
- To continue to enhance communication systems with parents and the local community;
- To continue to streamline financial and administrative systems to achieve greater efficiencies;
- Ongoing discussions with other MATs in the local area

#### *Public benefit*

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

As a Multi Academy Trust we continue working to support all the schools within our MAT and to develop a culture of mutual support and development across these schools.

# Keskowethyans Multi Academy Trust

## Trustees Report for the Year Ended 31 August 2016 (continued)

### Strategic Report

#### Achievements and performance

The five schools which comprise the Keskowethyans Multi Academy Trust [Coverack, Grade-Ruan, Manaccan, St Keverne and St Martin] continue to thrive. In total there are currently 193 pupils across the five MAT schools. The most recent OFSTED Inspection Reports graded four out of the five schools as 'Good', with one 'Requiring Improvement' – St Keverne, although Inspectors noted the rapid and significant improvements that have already been made.

The curriculum on offer at all of the MAT Schools is wide and varied and provides a range of exciting and engaging opportunities for pupils who continue to enjoy wide participation and success in music, sport and performing arts, as well as academically.

The Keskowethyans Multi Academy Trust continues to provide a safe and stimulating environment across all of the schools, with a clear focus on raising standards of attainment and achievement.

End of EYFS, KS1 and KS2 results for 2016 are included in the following tables:

[Codes: WTS –working towards the standard; EXS – expected standard; GDS – greater depth than the standard]

	COVERACK	GRADE RUAN	MANACCAN	ST KEVERNE	ST MARTIN
End of EYFS	No EYFS 2015/2016	5 pupils [2b,3g] Average score: 41.8; national : 34.4 GLD: 66%; national: 69%	5 pupils [5b] Average score: 33.6; national : 34.4 GLD: 80%; national: 69%	8 pupils [2b,5g] Average score: 33.4; national : 34.4 GLD: 66.6%; national: 69%	2 pupils [2g] Average score: 35; national: 34.4 GLD: 50%; national: 69%
Y1 Phonics check	7 pupils [4b,3g] 6/7 [86%] achieved; national: 81%. 1/7 WT	4 pupils [3b,1g] 4/4 [100%] achieved; national: 81%.	6 pupils [3b,3g] 5/6 [83%] achieved; national: 81%.	12 pupils [9b,3g] 11/12 [92%] achieved; national: 81%. 1 pupil ABSENT [achieved].	2 pupils [1b,1g] 2/2 [100%] achieved; national: 81%.
End of Y2	2 pupils [1b, 1g] READING: 2 WTS WRITING 2 WTS MATHS: 1 x EXS, 1 WTS	6 pupils [3b,3g] READING: 3x GDS; 2 x EXS, 1 WTS WRITING: 1 x GDS; 3 x EXS, 1 WTS MATHS: 2 x GDS; 3 EXS, 1 WTS.	5 pupils [2b,3g] READING: 2 GDS, 2 EXS, 1 WTS WRITING: 4 EXS, 1 WTS MATHS: 4 EXS, 1 WTS	4 pupils [4b] READING: 3 EXS, 1 WTS WRITING: 2 EXS, 2 WTS MATHS: 4 EXS	2 pupils [2g] READING: 1 EXS, 1 WTS WRITING: 1 EXS, 1 WTS MATHS: 1 EXS, 1 WTS
End of Y6	9 pupils [ 6b,3g] 1 x CIC (recent) READING: Average scaled score: 110; national: 103 9/9 [100%] achieved	8 pupils [ 4b,4g] READING: Average scaled score: 103.6; national: 103 6/8 [75%] achieved EXS;	5 pupils [ 3b,2g] plus 1 x SEN [disapplied] 6 pupils in total READING: Average scaled score: 109.8; national: 103 5/5 [100%] achieved EXS; national: 66%	4 pupils [ 3b,1g] READING: Average scaled score: 104.8; national: 103 ¾ [75%] achieved EXS;	5 pupils [ 2b,3g] READING: Average scaled score: 108.2; national: 103 5/5 [100%] achieved EXS;



# Keskowethyans Multi Academy Trust

## Trustees Report for the Year Ended 31 August 2016 (continued)

### Strategic Report

	EXS; national: 66%	national: 66%	GPS: Average scaled score: 110; national: 104	national: 66%	national: 66%
	GPS: Average scaled score: 110.8; national: 104 8/9 [89%] achieved EXS; national: 72% MATHS: Average scaled score: 109.3; national: 103 8/9 [89%] achieved EXS; national: 72% WRITING: 5 x GDS; 3 x EXS; 1 x WTS	GPS: Average scaled score: 105.8; national: 104 5/8 [62.5%] achieved EXS; national: 72% MATHS: Average scaled score: 107.1; national: 103 8/8 [100%] achieved EXS; national: 72% WRITING: 1 GDS; 5 EXS; 2 WTS	5/5 [100%] achieved EXS; national: 72% MATHS: Average scaled score: 105.6; national: 103 5/5 [100%] achieved EXS; national: 72% WRITING: 3 x EXS, 2 GDS	GPS: Average scaled score: 104.5; national: 104 4/4 [100%] achieved EXS; national: 72% MATHS: Average scaled score: 106; national: 103 4/4 [100%] achieved EXS; national: 72% WRITING: 3 x EXS; 1 x GDS	GPS: Average scaled score: 105.8; national: 104 4/5 [80%] achieved EXS; national: 72% MATHS: Average scaled score: 103; national: 103 4/5 [80%] achieved EXS; national: 72% WRITING: 4 x EXS, 1 WTS
End of Y6 Combined Measure [R,Wr,M]	77.8% achieved EXS; national: 53% 33% [3] exceeded EXS; national: 5%	75% achieved EXS; national: 53% 0% exceeded EXS	83.3% achieved EXS; national: 53% 0% exceeded EXS	75% achieved EXS; national: 53% 0% exceeded EXS	80% achieved EXS; national: 53% 0% exceeded EXS
Y2 to Y6 Progress Measure	Average of READING progress: + 5.1 [TEST] Average of WRITING progress: +0.4 [TA] Average of MATHS progress: +4.5 [TEST]	Average of READING progress: -1.4 [TEST] Average of WRITING progress: -0.2 [TA] Average of MATHS progress: +2.2 [TEST]	Average of READING progress: + 2.2 [TEST] Average of WRITING progress: = 0.0 [TA] Average of MATHS progress: - 1.6 [TEST]	Average of READING progress: + 0.3 [TEST] Average of WRITING progress: +0.2 [TA] Average of MATHS progress: +1.6 [TEST]	Average of READING progress: + 5.3 [TEST] Average of WRITING progress: - 0.1 [TA] Average of MATHS progress: +0.1 [TEST]

#### Going concern

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

#### Key performance indicators

The trustees have developed a list of key financial and performance indicators which are regularly monitored.

These financial indicators will continue to be used in the future to assist the trustees in managing the Trust's financial affairs ensuring efficient operation, liquidity and effective use of resources.

The Trust will set targets in relation to its reserves, ensuring that the Trust meets its reserves policy and is able to manage any unforeseen events. This will also be repeated at individual schools level.

As the Trust continues to develop it is better able to benchmark budgets and expenditure against a number of criteria, such as staff costs, property costs per school and per pupil.

As funding is based on pupil numbers as at the October pupil count, this is also a key performance indicator. Pupil numbers as at October 2016 were 197. It is hoped that this number will rise.

# **Keskowethyans Multi Academy Trust**

## **Trustees Report for the Year Ended 31 August 2016 (continued)**

### **Strategic Report**

#### **Financial review**

This review covers the period 1 September 2015 to 31 August 2016

The majority of the Trust's income is derived from the EFA in the form of recurring, but restricted grants. The grants received during the accounting period are shown in the statement of financial activities.

At 31 August 2016 the fund balances at individual academies (excluding fixed assets and the pension reserve) totalled £29,482.

At 31 August 2016 the net book value of fixed assets was £4,197,119 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The land, buildings and other assets were gifted and the right to use granted to the Trust on conversion. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful life.

The Trust has taken on the deficit of the Local Government Pension Scheme in respect of its non teaching staff on conversion. The deficit is incorporated within the Statement of Financial Activities and Balance Sheet with details in Note 23 to the financial statements.

Key financial policies adopted or reviewed during the year include:

- Charging & Remissions Policy
- Capital & Reserves Policy
- Gifts & Hospitality Policy
- Anti-Fraud & Corruption Policy
- Governors Expenses

Trustees procure a Responsible Officer SLA from the Local Authority to undertake a regular programme of internal checks on key financial controls. The Responsible Officer report is reviewed by the Finance Committee.

During the period of this review the Trust has received £38,242 from the Department for Education through the Pupil Premium funding mechanism. This money has been spent on additional teaching assistant salary costs and other related support costs against the tracked assessed needs of this monitored group.

#### ***Financial and risk management objectives and policies***

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, income and budgetary control, backup for key teaching and management staff and maintaining pupil numbers sufficient to ensure schools are viable. The Trustees are in the process of implementing systems to minimize those risks, including internal controls described elsewhere in this report.

The Trust deals only with established banks, cash and trade creditors, all of which are considered to be low risk.

# **Keskowethyans Multi Academy Trust**

## **Trustees Report for the Year Ended 31 August 2016 (continued)**

### **Strategic Report**

#### ***Principal risks and uncertainties***

**Finance:** The principal risk facing the Trust is the future level of Government funding. This risk will be managed by careful control over budgeted expenditure to ensure that a deficit does not arise for the year.

**Failures in governance and/or management:** The risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees will continue to review and ensure that appropriate measures are in place to mitigate these risks.

**Reputational:** The continuing success of the Trust will be dependent on sustained educational achievement in its schools which will, in turn, attract sufficient numbers of applicants by maintaining the highest educational standards. To mitigate this risk Trustees will ensure that pupil success and achievement is closely monitored and regularly reviewed.

**Safeguarding and child protection:** This risk is of paramount importance and the Trustees will continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

**Staffing:** The success of the Trust is reliant on the quality of its staff. The Trustees will monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

**Fraud and mismanagement of funds:** The Trust has appointed a Responsible Officer to carry out checks on financial systems and records in accordance with the Academy Financial Handbook. The Business Manager and those members of staff involved in finance will receive training to keep them up to date with financial practice requirements and develop their skills in this area.

#### ***Reserves policy***

The Trustees have established a Capital and Reserves policy, setting out the requirements for longer term financial planning. At the period end date the level of unrestricted, free reserves held by the Multi Academy Trust was £21,703, which are held to provide protection against unforeseen financial risk, for capital investment and to cover operating deficits where necessary.

There is a deficit on the LGPS pension reserve; which has increased from a deficit of £224k to £466k. This is due to the changes in assumptions used by Cornwall Council. Note 23 provides a detailed breakdown of what makes up the deficit at the year end.

#### ***Investment policy***

The policy of the Trust is to take a 'minimal risks' approach with funds being kept in a current account of a UK clearing bank.

# Keskowethyans Multi Academy Trust

## Trustees Report for the Year Ended 31 August 2016 (continued)

### Strategic Report

#### *Plans for future periods*

The Trust holds key strategic objectives for the future:

- To facilitate learning by delivering high quality teaching of a broad curriculum and achieve the best possible outcomes for the children
- To provide well-resourced and rich school based learning environments
- To provide opportunities for children and staff to maximise potential
- To provide inclusive school communities with a deep sense of belonging;
- To become outstanding schools within the Trust.

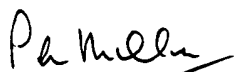
In order to ensure the long term sustainable future for all our schools and to further enable the above statements, the Board is currently engaged in talks with other MATs with a view to potential merger. A successful merger would not only achieve economies of scale, but a sharing of expertise and resources. Talks have been ongoing throughout the current financial year and it is hoped that firm decisions will be made by the end of this academic year.

#### **Auditor**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the Board of Trustees on 22.11.2016 and signed on its behalf by:



Mrs P Miller  
Chair of Trustees

# Keskowethyans Multi Academy Trust

## Governance Statement

### Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mr T Harman (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 Keskowethyans Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body 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 Governing Body has formally met 9 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr T Harman	9	9
Miss W Prescott	9	9
Mrs P Miller	9	9
Mrs M Mita	7	9
Ms J A Halliday	9	9
Mr C Hosken	1	3
Mr M Lever	0	2
Mr M Bayliss	0	1
Mr C Sealey	8	9
Rev P Sharpe	7	9
Mr P Relton	3	6
Mrs J Dudley	9	9
Mr S Armstrong	0	1

# Keskowethyans Multi Academy Trust

## Governance Statement (continued)

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to oversee matters of internal controls, external audit, budget planning, risk management and management accounting. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr C Sealey	6	6
Mr P Relton	3	4
Mr T Harman	6	6
Mrs P Miller	6	6
Miss W Prescott	2	6
Mrs M Mita	2	6
Ms J A Halliday	2	6
Mrs J Dudley	1	6

### Review of value for money

As accounting officer the Principal 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 Board of Trustees 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:

### Improving Educational Standards

- Our curriculum ensures all pupils have the opportunity to raise their individual levels of attainment
- We focus on the differing needs of each pupil and targeted support is provided as appropriate
- A Pupil Premium lead has been appointed in each school to ensure funding is directed for maximum benefit. The AHT oversees provision and outcomes for PP recipients
- Data is tracked across individual schools and the MAT, including the tracking of interventions and support, to prove VFM
- Across the MAT schools the attainment gap is closing over time. The overwhelming majority of pupils in receipt of FSM make progress which is at least in line with their peers, and in some instances the progress of FSM pupils exceeds that of their peers – due to the highly targeted support we able to offer.

### Financial Performance

- Financial oversight is good, with well qualified and proficient members on the Finance Committee
- Management accounts are prepared monthly and circulated to the Finance Committee to enable regular monitoring including VFM

# Keskowethyans Multi Academy Trust

## Governance Statement (continued)

- Purchasing controls have been reviewed and tightened to avoid duplication across the MAT and to ensure VFM
- Class structures have been reviewed and staffing reduced where appropriate to ensure the most efficient use of funds

### 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 Keskowethyans Multi Academy Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

### Capacity to handle risk

The Governing Body 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 Governing Body 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 ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

### 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 Governing Body;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided:

- to appoint the LFS Team as Responsible Officer

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period include:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

# Keskowethyans Multi Academy Trust

## Governance Statement (continued)

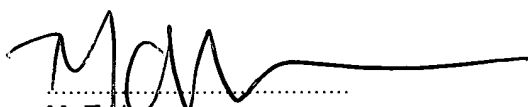
### Review of effectiveness

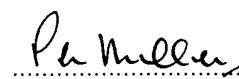
As Accounting Officer, Mr T Harman (Headteacher) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;
- 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 Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 22.11.2016 and signed on its behalf by:

  
.....  
Mr T Harman  
Accounting officer  
Governor and trustee

  
.....  
Mrs P Miller  
Chair of Trustees



## Keskowethyans Multi Academy Trust

### Statement on Regularity, Propriety and Compliance

As Accounting Officer of Keskowethyans Multi Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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 2015.

I confirm that I and the Academy Trust Governing Body 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 2015.

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



Mr T Harman (Headteacher)  
Accounting officer

Date: 13/12/16

# Keskowethyans Multi Academy Trust

## Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees Report and the financial statements in accordance with the Academies Accounts Direction 2015 to 2016, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

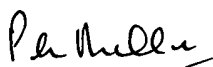
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS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

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

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

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

Approved by order of the Members of the Board on ~~22.11.2016~~ and signed on its behalf by:



Mrs P Miller  
Chair of Trustees

## **Keskowethyans Multi Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Keskowethyans Multi Academy Trust**

We have audited the financial statements of Keskowethyans Multi Academy Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements have been prepared under the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 16), the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Keskowethyans Multi Academy Trust

### Independent Auditor's Report on the Financial Statements to the Members of Keskowethyans Multi Academy Trust (continued)

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

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

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

*PKF Francis Clark*

Darren Perry BA(Hons) ACA DChA (Senior Statutory Auditor)  
PKF Francis Clark  
Statutory Auditor

Lowin House  
Tregolls Road  
Truro  
Cornwall  
TR1 2NA

Date: 15/12/16

## **Keskowethyans Multi Academy Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to Keskowethyans Multi Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 24 October 2016 and further to the requirements of the Education Funding Authority (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of Keskowethyans Multi Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Keskowethyans Multi Academy Trust's funding agreement with the Secretary of State for Education dated 28 February 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

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

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

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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures
- Evaluation of the system of internal controls for authorisation and approval
- Performing substantive tests on relevant transactions

## **Keskowethyans Multi Academy Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to Keskowethyans Multi Academy Trust and the Education 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 from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*PKF Francis Clark*

Darren Perry BA(Hons) ACA DChA  
PKF Francis Clark  
Chartered Accountants

Lowin House  
Tregolls Road  
Truro  
Cornwall  
TR1 2NA

Date: 15/12/16

# Keskowethyans Multi Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
<i>Voluntary income</i>						
Transfer from local authority on conversion	2	-	-	-	-	571,673
Donations and capital grants	2	4,099	-	32,561	36,660	280,824
<i>Charitable activities:</i>						
Funding for the Academy Trust's educational operations	3	-	1,352,575	-	1,352,575	1,372,774
Insurance income		-	35,916	-	35,916	11,913
<i>Other income</i>						
Other trading activities	4	26,972	7,869	-	34,841	56,142
Investments	5	37	-	-	37	323
<b>Total</b>		<b>31,108</b>	<b>1,396,360</b>	<b>32,561</b>	<b>1,460,029</b>	<b>2,293,649</b>
<b>Expenditure on:</b>						
Raising funds		36,489	7,868	-	44,357	68,826
<i>Charitable activities:</i>						
Academy trust educational operations		1,157	1,422,741	126,768	1,550,666	1,719,911
<b>Total</b>	7	<b>37,646</b>	<b>1,430,609</b>	<b>126,768</b>	<b>1,595,023</b>	<b>1,788,737</b>
Net (expenditure)/income		(6,538)	(34,249)	(94,207)	(134,994)	504,912
Transfers between funds		(9,978)	9,978	-	-	-
Net (expenditure)/income for the year		(16,516)	(24,271)	(94,207)	(134,994)	504,912
<b>Other recognised gains and losses</b>						
Actuarial (loss)/gain on defined benefit pension schemes	23	-	(214,000)	-	(214,000)	4,000

# Keskowethyans Multi Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account) (continued)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Net movement in funds		(16,516)	(238,271)	(94,207)	(348,994)	508,912
<b>Reconciliation of funds</b>						
Total Funds brought forward at 1 September 2015		<u>38,219</u>	<u>(219,950)</u>	<u>4,456,643</u>	<u>4,274,912</u>	<u>3,766,000</u>
Total Funds carried forward at 31 August 2016		<u>21,703</u>	<u>(458,221)</u>	<u>4,362,436</u>	<u>3,925,918</u>	<u>4,274,912</u>



# Keskowethyans Multi Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account)

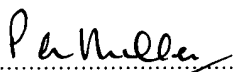
	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
<b>Income and endowments from:</b>					
<i>Voluntary income</i>					
Donations and capital grants	2	16,354	3,560	260,910	280,824
Transfer from local authority on conversion		-	-	571,673	571,673
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	3	-	1,372,774	-	1,372,774
Other trading activities	4	39,813	16,329	-	56,142
Investments	5	323	-	-	323
Insurance income	6	-	11,913	-	11,913
<b>Total</b>		<b>56,490</b>	<b>1,404,576</b>	<b>832,583</b>	<b>2,293,649</b>
<b>Expenditure on:</b>					
Raising funds	7	32,687	36,139	-	68,826
<i>Charitable activities:</i>					
Academy trust educational operations	8	-	1,601,118	118,793	1,719,911
<b>Total</b>		<b>32,687</b>	<b>1,637,257</b>	<b>118,793</b>	<b>1,788,737</b>
Net income/(expenditure)		23,803	(232,681)	713,790	504,912
Transfers between funds		(175,336)	174,288	1,048	-
<b>Other recognised gains and losses</b>					
Actuarial (loss)/gain on defined benefit pension schemes	23	-	4,000	-	4,000
Net movement in funds		(151,533)	(54,393)	714,838	508,912
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 September 2014		189,752	(165,557)	3,741,805	3,766,000
Total funds carried forward at 31 August 2015		38,219	(219,950)	4,456,643	4,274,912

# Keskowethyans Multi Academy Trust

(Registration number: 08872161)  
Balance Sheet as at 31 August 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	13	4,197,119	4,307,602
<b>Current assets</b>			
Debtors	14	81,636	71,098
Cash at bank and in hand		<u>240,295</u>	<u>217,552</u>
		321,931	288,650
Creditors: Amounts falling due within one year	15	<u>(127,132)</u>	<u>(97,340)</u>
Net current assets		<u>194,799</u>	<u>191,310</u>
Total assets less current liabilities		<u>4,391,918</u>	<u>4,498,912</u>
Net assets excluding pension liability		4,391,918	4,498,912
Defined benefit pension scheme liability	23	<u>(466,000)</u>	<u>(224,000)</u>
Total assets		<u><u>3,925,918</u></u>	<u><u>4,274,912</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		7,779	4,050
Restricted fixed asset fund		4,362,436	4,456,643
Restricted pension fund		<u>(466,000)</u>	<u>(224,000)</u>
		3,904,215	4,236,693
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>21,703</u>	<u>38,219</u>
Total funds		<u><u>3,925,918</u></u>	<u><u>4,274,912</u></u>

The financial statements on pages 21 to 54 were approved by the Trustees, and authorised for issue on ~~22.11.2016~~ and signed on their behalf by:

  
Mrs P Miller  
Governor and trustee

## Keskowethyans Multi Academy Trust

### Statement of Cash Flows for the Year Ended 31 August 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	19	6,430	(220,434)
Cash flows from investing activities	20	<u>16,313</u>	<u>(78,319)</u>
Change in cash and cash equivalents in the year		22,743	(298,753)
Cash and cash equivalents at 1 September		<u>217,552</u>	<u>516,305</u>
Cash and cash equivalents at 31 August	21	<u><u>240,295</u></u>	<u><u>217,552</u></u>

# **Keskowethyans Multi Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2016**

### **1 Accounting policies**

#### **Statement of accounting policies**

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

#### **Basis of preparation**

The financial statements of the Multi Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in income from 'Donations and capital grants' instead of 'Charitable activities'. The prior year grants have also been reallocated.

Keskowethyans Multi Academy Trust meets the definition of a public benefit entity under FRS 102. These financial statements are the first financial statements of Keskowethyans Multi Academy Trust prepared in accordance with FRS 102. Refer to note 25 for more details on the first time adoption and explanation of transition to FRS 102.

#### **Going concern**

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

#### **Income**

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

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### **Grants**

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

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

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

#### **Sponsorship income**

Sponsorship income provided to the Multi Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where the receipt is probable and it can be measured reliably.

#### **Donations**

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

#### **Other income**

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

#### **Donated goods, facilities and services**

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

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

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### **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.

All resources expended are inclusive of irrecoverable VAT.

#### ***Expenditure on raising funds***

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

#### ***Charitable activities***

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

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

The Grade Ruan school premises are leased from the Diocese of Truro on a Church Supplemental Agreement that can be cancelled giving two years notice. However based on the EFA guidance in the Academy Accounts Direction, the land and buildings have been recognised on the balance sheet on the basis that the benefits of using the assets will flow to the Academy Trust for the foreseeable future. Therefore the land and buildings were included on the balance sheet in the prior year and are being depreciated accordingly.

Asset class	Depreciation method and rate
Leasehold land and buildings	50 years straight line
Freehold land and buildings	50 years straight line
Furniture, fittings and equipment	5 years straight line
Motor vehicles	4 years straight line
Computer equipment	3 years straight line

#### Liabilities

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

#### Leased assets

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

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### Taxation

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

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

#### Pension benefits

Retirement benefits to employees of the Multi Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Multi Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Multi Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

#### Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Funding Agency/Department for Education.



# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### **Critical accounting estimates and areas of judgement**

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

#### **Critical accounting estimates and assumptions**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Capital grants	-	22,561	22,561	222,503
Other donations	4,099	10,000	14,099	58,321
	<u>4,099</u>	<u>32,561</u>	<u>36,660</u>	<u>280,824</u>

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

	Restricted funds £	Total 2016 £	Total 2015 £
<b>DfE/EFA revenue grants</b>			
General Annual Grant (GAG)	1,204,865	1,204,865	1,209,453
Other DfE grants	81,517	81,517	89,831
Pupil Premium	<u>38,242</u>	<u>38,242</u>	<u>42,828</u>
	1,324,624	1,324,624	1,342,112
<b>Other government grants</b>			
LA grants	16,409	16,409	15,506
<b>Non-government grants and other income</b>			
Educational trips and visits	<u>11,542</u>	<u>11,542</u>	<u>15,156</u>
Total grants	<u>1,352,575</u>	<u>1,352,575</u>	<u>1,372,774</u>

## Keskowethyans Multi Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	1,200	-	1,200	1,468
Uniform sales	1,881	-	1,881	3,083
Nursery income	4,831	7,869	12,700	20,608
Other income	10,328	-	10,328	21,539
After school club income	8,732	-	8,732	9,444
	<u>26,972</u>	<u>7,869</u>	<u>34,841</u>	<u>56,142</u>

## Keskowethyans Multi Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 5 Investment income

	Unrestricted funds £	Total 2016 £	Total 2015 £
Investment income	<u>37</u>	<u>37</u>	<u>323</u>

#### 6 Other charitable activities

	Restricted funds £	Total 2016 £	Total 2015 £
Insurance income	<u>35,916</u>	<u>35,916</u>	<u>11,913</u>

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 7 Resources expended

	Non Pay Expenditure			Total	Total
	Staff costs	Premises	Other costs	2016	2015
	£	£	£	£	£
Expenditure on raising funds	38,326	1,200	4,831	44,357	68,826
<b>Academy's educational operations</b>					
Direct costs	948,866	-	51,038	999,904	1,122,174
Allocated support costs	178,991	261,531	110,240	550,762	597,737
	<u>1,166,183</u>	<u>262,731</u>	<u>166,109</u>	<u>1,595,023</u>	<u>1,788,737</u>

### Net incoming/outgoing resources for the year include:

	2016	2015
	£	£
Fees payable to auditor - audit	4,120	4,000
- other audit services	7,517	9,950
Depreciation	<u>126,768</u>	<u>118,793</u>

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
<b>Direct costs</b>					
Teaching and educational support staff costs	-	948,866	-	948,866	1,042,785
Educational supplies	-	11,396	-	11,396	15,982
Staff development	-	3,758	-	3,758	8,151
Technology costs	-	2,819	-	2,819	1,603
Other direct costs	-	23,766	-	23,766	42,281
Educational visits	-	9,299	-	9,299	11,372
	-	999,904	-	999,904	1,122,174
<b>Allocated support costs</b>					
Support staff costs	-	159,991	-	159,991	146,924
Defined benefit pension scheme service cost adjustment	-	19,000	-	19,000	25,000
Depreciation	-	-	126,768	126,768	118,793
Maintenance of premises and equipment	-	27,095	-	27,095	33,547
Cleaning	-	39,665	-	39,665	33,606
Rent and rates	-	19,492	-	19,492	17,425
Energy costs	-	15,171	-	15,171	15,853
Insurance	-	33,340	-	33,340	42,709
Technology costs	-	21,778	-	21,778	40,879
Recruitment and support	-	821	-	821	629
Security and transport	-	7,088	-	7,088	7,971
Catering	1,157	14,589	-	15,746	34,618
Bank interest and charges	-	(3)	-	(3)	65
Expected return on scheme assets	-	-	-	-	(17,000)

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 8 Charitable activities (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Interest on defined benefit pension scheme	-	9,000	-	9,000	21,000
Other support costs	-	55,810	-	55,810	75,718
	<u>1,157</u>	<u>422,837</u>	<u>126,768</u>	<u>550,762</u>	<u>597,737</u>
	<u>1,157</u>	<u>1,422,741</u>	<u>126,768</u>	<u>1,550,666</u>	<u>1,719,911</u>

### 9 Staff

#### Staff costs

	2016 £	2015 £
<b>Staff costs during the year were:</b>		
Wages and salaries	911,049	1,007,945
Social security costs	64,035	60,549
Pension costs	<u>174,775</u>	<u>175,704</u>
	1,149,859	1,244,198
Supply teacher costs	<u>16,324</u>	<u>24,172</u>
	<u>1,166,183</u>	<u>1,268,370</u>

## Keskowethyans Multi Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 9 Staff (continued)

##### Staff numbers

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

	2016 No	2015 No
<b>Charitable Activities</b>		
Teachers	20	23
Administration and teaching support	33	36
Management	3	3
	<u>56</u>	<u>62</u>

##### Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2016 No	2015 No
£70,001 - £80,000	<u>1</u>	<u>1</u>

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £185,606 (2015: £207,920).



# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 10 Central services

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

- Financial services
- Legal services
- Leadership services
- Educational support services

The Academy Trust charges for these services on the following basis:

The costs of central services is charged to the academies in proportion to the General Annual Grant

The actual amounts charged during the year were as follows:

	2016 £
Coverack Community Primary School	76,139
Grade-Ruan Church of England Primary School	103,283
Manaccan Primary School	80,339
St Keverne Community Primary School	99,166
St Martin-in-Meneage Primary School	65,927
	<hr/> <u>424,854</u>

### 11 Related party transactions - Trustees' remuneration and expenses

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

Mr T Harman (Headteacher and trustee):

Remuneration: £70,000 - £75,000 (2015 - £70,000 - £75,000)

Employer's pension contributions: £10,000 - £15,000 (2015 - £10,000 - £15,000)

Miss W Prescott (Assistant Headteacher and trustee):

Remuneration: £45,000 - £50,000 (2015 - £45,000 - £50,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

Mr C Martin (Staff trustee):

Remuneration: £Nil (2015 - £25,000 - £30,000)

Employer's pension contributions: £Nil (2015 - £0 - £5,000)

Mr C Martin resigned as a Trustee in the prior year.

# **Keskowethyans Multi Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

### **11 Related party transactions - Trustees' remuneration and expenses (continued)**

During the year no expenses were reimbursed to trustees.

Mrs D Keens (spouse on Mr T Harman, trustee) was employed by the school under a contract of employment. The remuneration paid in the year was £40,000 to £45,000, and employer's pension contributions were £5,000 to £10,000. Mrs V Sealey (spouse of Mr C Sealey, trustee) was employed by the school under a contract of employment. The remuneration paid in the year was £10,000 to £15,000, and employer's pension contributions were £nil to £5,000.

Other related party transactions involving the Trustees are set out in note 24.

### **12 Trustees' and officers' insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance is included within the combined curriculum policy and provides cover for an unlimited amount whereas the previous year there was cover for up to £2,000,000 on any one claim. The cost of the combined curriculum policy for the period ended 31 August 2016 was £9,008 (2015: £10,562). The cost of this insurance is included within the total insurance cost in the accounts.

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 13 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>						
At 1 September 2015	805,554	3,530,641	34,515	30,330	71,426	4,472,466
Additions	-	6,901	2,060	-	7,324	16,285
At 31 August 2016	<u>805,554</u>	<u>3,537,542</u>	<u>36,575</u>	<u>30,330</u>	<u>78,750</u>	<u>4,488,751</u>
<b>Depreciation</b>						
At 1 September 2015	22,955	92,983	7,844	7,472	33,610	164,864
Charge for the year	<u>15,466</u>	<u>70,374</u>	<u>7,316</u>	<u>7,584</u>	<u>26,028</u>	<u>126,768</u>
At 31 August 2016	<u>38,421</u>	<u>163,357</u>	<u>15,160</u>	<u>15,056</u>	<u>59,638</u>	<u>291,632</u>
<b>Net book value</b>						
At 31 August 2016	<u>767,133</u>	<u>3,374,185</u>	<u>21,415</u>	<u>15,274</u>	<u>19,112</u>	<u>4,197,119</u>
At 31 August 2015	<u>782,599</u>	<u>3,437,658</u>	<u>26,671</u>	<u>22,858</u>	<u>37,816</u>	<u>4,307,602</u>

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 14 Debtors

	2016 £	2015 £
Trade debtors	3,812	11,549
Prepayments	22,821	26,415
Accrued grant and other income	9,309	8,572
VAT recoverable	45,694	24,562
	<u>81,636</u>	<u>71,098</u>

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

	2016 £	2015 £
Trade creditors	24,468	7,011
Other taxation and social security	17,781	17,708
Other creditors	19,621	19,923
Accruals	48,308	22,459
Deferred income	16,954	30,239
	<u>127,132</u>	<u>97,340</u>

### Deferred income

	2016 £
Deferred income at 1 September 2015	30,239
Resources deferred in the period	16,954
Amounts released from previous periods	<u>(30,239)</u>
Deferred income at 31 August 2016	<u>16,954</u>

Deferred income held at the year end date relates to Universal Infant Free School Meals funding received in advance of the 2017 academic and financial year.

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 16 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	1,204,865	(1,251,194)	46,329	-
Other DfE revenue grants	-	81,517	(47,506)	(34,011)	-
Other LA grants	-	16,409	(16,409)	-	-
Educational trips and visits	4,040	11,542	(7,803)	-	7,779
Other income	10	43,785	(43,795)	-	-
Pupil Premium	-	38,242	(35,902)	(2,340)	-
	<u>4,050</u>	<u>1,396,360</u>	<u>(1,402,609)</u>	<u>9,978</u>	<u>7,779</u>
<b>Restricted fixed asset funds</b>					
DfE capital grants	30,053	22,561	-	-	52,614
Assets transferred on conversion	3,932,543	-	(97,793)	-	3,834,750
Other LA on conversion	107,610	-	-	-	107,610
Other donations	11,379	10,000	-	-	21,379
Fixed assets purchased since conversion	<u>375,058</u>	<u>-</u>	<u>(28,975)</u>	<u>-</u>	<u>346,083</u>
	<u>4,456,643</u>	<u>32,561</u>	<u>(126,768)</u>	<u>-</u>	<u>4,362,436</u>
<b>Restricted pension funds</b>					
Pension fund	<u>(224,000)</u>	<u>-</u>	<u>(28,000)</u>	<u>(214,000)</u>	<u>(466,000)</u>
Total restricted funds	4,236,693	1,428,921	(1,557,377)	(204,022)	3,904,215
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>38,219</u>	<u>31,108</u>	<u>(37,646)</u>	<u>(9,978)</u>	<u>21,703</u>
Total funds	<u>4,274,912</u>	<u>1,460,029</u>	<u>(1,595,023)</u>	<u>(214,000)</u>	<u>3,925,918</u>

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 16 Funds (continued)

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

Restricted GAG - School investment and educational activities.

Other DfE revenue grants - Includes Pupil Premium and Universal Infant Free School Meals grants which were fully expended in the period in line with purpose.

Other LA grants - Income received for various purposes including funding towards the nursery at Manaccan Primary School.

DfE capital grants include income received in respect of the classroom refurbishment project which was fully spent in line with purpose in the year. Unspent funds relates to devolved formula capital grant income which is being held to fund capital expenditure in future periods.

The academy operates a Fixed Asset Restricted Fund. Income that is received by the academy for the purpose of specific capital items of projects is allocated to this fund.

Under the funding agreement with the Secretary of State, the Multi Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

### Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total £</b>
Coverack Community Primary School	107,199
Grade-Ruan Church of England Primary School	3,879
Manaccan Primary School	(45,569)
St Keverne Community Primary School	(26,408)
St Martin-in-Meneage Primary School	(9,619)
Total before fixed assets and pension reserve	29,482
DfE capital grants	4,362,436
Pension fund	(466,000)
Total	<u>3,925,918</u>

St Martin-in-Meneage Primary School is carrying a net deficit of £9,619 on these funds because expenditure has exceeded brought forward funds and income received in the year.

The trust is taking the following action to return the academy to surplus:

Continued monitoring of budgets and a reduction in budgeted expenditure.

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 16 Funds (continued)

Manaccan Primary School is carrying a net deficit of £45,569 on these funds because expenditure has exceeded brought forward funds and income received in the year.

The trust is taking the following action to return the academy to surplus:

Continued monitoring of budgets and a reduction in budgeted expenditure.

St Keverne Primary School is carrying a net deficit of £26,408 on these funds because expenditure has exceeded brought forward funds and income received in the year.

The trust is taking the following action to return the academy to surplus:

Continued monitoring of budgets and a reduction in budgeted expenditure.

### Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2016 £
Coverack Community Primary School	128,535	18,178	1,536	36,934	185,183
Grade-Ruan Church of England Primary School	169,677	21,002	2,344	18,741	211,764
Manaccan Primary School	156,666	26,772	2,393	34,811	220,642
St Keverne Community Primary School	205,222	29,296	3,394	14,741	252,653
St Martin-in-Meneage Primary School	114,593	19,221	1,331	38,014	173,159
Central services	174,173	64,522	398	185,761	424,854
Academy Trust	<u>948,866</u>	<u>178,991</u>	<u>11,396</u>	<u>329,002</u>	<u>1,468,255</u>

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 17 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	4,197,119	4,197,119
Current assets	21,703	134,911	165,317	321,931
Current liabilities	-	(127,132)	-	(127,132)
Pension scheme liability	-	(466,000)	-	(466,000)
Total net assets	<u>21,703</u>	<u>(458,221)</u>	<u>4,362,436</u>	<u>3,925,918</u>

### 18 Financial commitments

#### Operating leases

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

	2016 £	2015 £
Amounts due within one year	10,898	10,898
Amounts due between one and five years	34,957	38,355
Amounts due after five years	<u>19,375</u>	<u>26,875</u>
	<u>65,230</u>	<u>76,128</u>



# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 19 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2016 £	2015 £
Net (expenditure)/income	(134,994)	504,912
Depreciation	126,768	118,793
Capital grants	(32,561)	(260,910)
Interest receivable	(37)	(323)
Defined benefit pension scheme expected return on scheme assets	-	(17,000)
Interest on defined benefit pension scheme	9,000	21,000
Defined benefit pension scheme service cost adjustment	19,000	25,000
(Increase)/decrease in debtors	(10,538)	8,201
Increase/(decrease) in creditors	29,792	(48,434)
Capital donated on conversion	-	(571,673)
Net cash inflow/(outflow) from operating activities	<u>6,430</u>	<u>(220,434)</u>

### 20 Cash flows from investing activities

	2016 £	2015 £
Purchase of tangible fixed assets	(16,285)	(339,552)
Capital grants from DfE	22,561	222,503
Investments	37	323
Capital grants from others	<u>10,000</u>	<u>38,407</u>
Net cash inflow/(outflow) from capital expenditure and financial investment	<u>16,313</u>	<u>(78,319)</u>

### 21 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	<u>240,295</u>	<u>217,552</u>
Total cash and cash equivalents	<u>240,295</u>	<u>217,552</u>

### 22 Members' liability

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

## **Keskowethyans Multi Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **23 Pension and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £18,377 (2015: £19,044) were payable to the schemes at 31 August and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (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.

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 23 Pension and similar obligations (continued)

#### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principals, 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 (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed rate of 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%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £81,529 (2015: £80,925).

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

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

#### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £69,000 (2015 - £75,000), of which employer's contributions totalled £54,000 (2015 - £59,000) and employees' contributions totalled £15,000 (2015 - £16,000). The agreed contribution rates for future years are 5.5 - 7.5% for employers and 19.5% plus £4.3k 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.

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 23 Pension and similar obligations (continued)

#### Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	4.10	4.60
Rate of increase for pensions in payment/inflation	2.10	2.70
Discount rate for scheme liabilities	2.10	3.80
Expected return on assets	<u>2.10</u>	<u>3.80</u>

#### Commutation

An allowance is included for future retirements to elect to take 40% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 70% of the maximum tax-free cash for post-April 2008 service.

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

	At 31 August 2016	At 31 August 2015
<b>Retiring today</b>		
Males retiring today	22.20	22.20
Females retiring today	24.40	24.40
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.40	24.40
Females retiring in 20 years	<u>26.80</u>	<u>26.80</u>

The actual return on scheme assets was £46,000 (2015 - £11,000).

## Keskowethyans Multi Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 23 Pension and similar obligations (continued)

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

	At 31 August 2016 £	At 31 August 2014 £
Equities	246,000	163,000
Corporate bonds	220,000	198,000
Property	36,000	28,000
Cash	10,000	8,000
Total market value of assets	512,000	397,000
Present value of scheme liabilities - funded	(978,000)	(621,000)
Deficit in the scheme	(466,000)	(224,000)

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 23 Pension and similar obligations (continued)

#### Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost	73,000	84,000
Total operating charge	73,000	84,000

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

	2016 £	2015 £
On 1 September (p/yr on conversion on 1 March)	621,000	510,000
Current service cost	73,000	84,000
Interest cost	25,000	21,000
Employee contributions	15,000	16,000
Actuarial losses/(gains)	244,000	(10,000)
At 31 August	978,000	621,000

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

	2016 £	2015 £
On 1 September (p/yr on conversion at 1 March)	397,000	311,000
Interest income	16,000	17,000
Actuarial losses	-	(6,000)
Employer contributions	54,000	59,000
Employee contributions	15,000	16,000
Return on assets excluding amounts included in net interest	30,000	-
At 31 August	512,000	397,000

### 24 Related party transactions

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

During the year the Academy Trust made the following related party transactions:

#### Aldridge Construction

(Owned by the husband of the School Business Manager)

During the the period the academy incurred expenditure in relation to services received of £3,810 (2015: £2,429). At the balance sheet date the amount due to Aldridge Construction was £Nil (2015 - £Nil).

# Keskowethyans Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 24 Related party transactions (continued)

#### DJ Kevern

(DJ Kevern is a local governor of St Keverne Community Primary School)

During the period the academy incurred £nil (2015: £1,503) in respect of construction services provided by DJ Kevern. At the balance sheet date the amount due to DJ Kevern was £Nil (2015 - £Nil).

#### Truro Diocese

(Two trustees of Truro Diocesan Board of Finance Ltd are also trustees of the member, Askel Veur the Diocese of Truro Academies Umbrella Company Ltd. Diocese of Truro Enterprises Ltd is a 100% subsidiary of Truro Diocesan Board of Finance Ltd and shares a trustee with Askel Veur the Diocese of Truro Academies Umbrella Company Ltd)

The Multi Academy Trust paid Diocese of Truro Enterprises Ltd £4,863 (2015: £18,607) for project management fees in relation to the construction of new classrooms in the year. At the balance sheet date the amount due to Truro Diocese was £Nil (2015 - £Nil).

### 25 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Keskowethyans Multi Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Keskowethyans Multi Academy Trust for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Changes introduced by FRS 102 have had no effect on the funds brought forward as at 31 August 2015.

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31/08/2015 and the date of transition to FRS 102 and SORP 2015 was therefore 01/09/2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

#### Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change would be to reduce the credit to expenses by £4,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount, however this has not been adjusted on the grounds that the adjustment would be immaterial.

# **Keskowethyans Multi Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

### **25 Transition to FRS 102 (continued)**

#### **Recognition of outstanding employee benefits**

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. No employees are entitled to carry forward unused holiday entitlement at the reporting date. Therefore there is no unused holiday entitlement to adjust for in the financial statements.

#### **Reallocation of governance costs**

Under FRS 102 governance costs are no longer disclosed separately on the Statement of Financial Activities. The costs have now been included within Support Costs for Charitable Activities.

#### **Operating lease commitments disclosure**

Previously under UK GAAP, the requirement was to disclose annual commitments analysed between those leases expiring within one year, between two and five years and after more than five years. Now, under FRS 102 the Multi Academy Trust is required to disclose the total commitment split between expiring within one year, between two and five years and after more than five years.

#### **Intangible computer software**

Under FRS 102 computer software is classed as an intangible asset rather than a tangible asset under UK GAAP. The Net Book Value of the computer software currently included in tangible fixed assets are not material to adjust in the accounts.