

Registration number: 09306360

The Keys Federation

(A company limited by guarantee)

Annual Report and Financial Statements

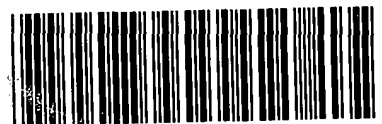
for the period from 11 November 2014 to 31 August 2015



HALLIDAYS
MORE THAN JUST ACCOUNTANTS

Hallidays
Riverside House
King's Reach Business Park
Yew Street
Stockport
SK4 2HD

SATURDAY



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The Keys Federation

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The Keys Federation

Reference and Administrative Details

Members	The Liverpool Diocesan Educational Trust (appointed 11 November 2014) Mr D Crossley (appointed 11 November 2014) Mrs S Davidson (appointed 11 November 2014) Rev'd Canon M Sherwin (appointed 11 November 2014)
Directors/Trustees	Mr B Anthon (Vice-Chairperson) (appointed 11 November 2014) Mrs S Bruton (Chief Executive and Accounting Officer) (appointed 11 November 2014) Mrs S Davidson (Chairperson) (appointed 11 November 2014) Mrs K Gore (appointed 11 November 2014) Mr A Meadows * (appointed 11 November 2014) Mrs J Reynolds * (appointed 11 November 2014) Rev'd Canon M Sherwin (appointed 11 November 2014) Mrs J Smith (appointed 11 November 2014) Mrs A Taylor (appointed 11 November 2014) Mrs L Worswick (appointed 11 November 2014) Mrs Worthington * (appointed 11 November 2014) (*members of the Audit Committee)
Senior Management Team	Mrs S Bruton, Chief Executive Officer Mrs J Adams, Director of Academy Excellence Mrs J Jones, Chief Finance Officer Mrs N Green, Principal - St. Peter's Hindley Mrs D Affleck, Principal - Hindley Green CP Mrs L Houghton, Principal - St. John's Hindley Green Mr T Mooney, Principal - St. John's Abram
Principal and Registered Office	682 Atherton Road Hindley Green Wigan WN2 4SQ
Company Registration Number	09306360 (England and Wales)
Auditors	Hallidays Riverside House King's Reach Business Park Yew Street Stockport SK4 2HD

The Keys Federation

Reference and Administrative Details (continued)

Bankers

Lloyds Bank
2-6 Market Street
Wigan
WN1 1JN

Solicitors

Lee Bolton Monier Williams
1 The Sanctuary
London
SW1P 3JT

The Keys Federation

Trustees' Report for the period from 11 November 2014 to 31 August 2015

The Directors/Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 11th November 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust operates four primary academies in Wigan. Its academies have a combined pupil capacity of 1190 plus 78 Nursery places and had numbers on roll (NOR) of 1125 pupils and 60 Nursery children, as reported in the school census on 14 May 2015.

Academy	Capacity	Number on roll at 14 May 2015
St. Peter's C. of E. Primary School, Hindley	315	302
Hindley Green Community Primary School	420	407
HGCP Nursery	78	60
St. John's C. of E Primary School, Hindley Green	210	167
St. John's C. of E. Primary School, Abram	245	249

Structure, Governance and Management

Constitution

The Keys Federation was incorporated on 11 November 2014 as a company limited by guarantee with no share capital, registration number 09306360. The company commenced operation as an academy trust on 1 January 2015. The charitable company's memorandum and Anglican articles of association are the primary governing documents of the academy trust. The trustees are the directors of the charitable company for the purposes of company law and are trustees for the purposes of charity legislation.

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

Members' Liability

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

Trustees' Indemnities

Professional Indemnity Insurance is in place to protect Members, Trustees/Directors and officers from claims arising from negligent acts, errors or omissions occurring on Trust business.

Method of Recruitment and Appointment of Trustees/Directors

The members of the trust are responsible for the appointment of trustees/directors, and is dependent upon their expertise, experience and skills. The number of trustees/directors shall be a minimum of five but shall not be subject to any maximum, as referenced in the articles of association (45-46a) and are appointed for a term of four years.

The Keys Federation

Trustees' Report for the period from 11 November 2014 to 31 August 2015 (continued)

Policies and Procedures adopted for the Induction and training of Trustees/Directors

Trustees/Directors are appointed based on the skills they will bring to the Board to maintain a robust overview and governance throughout the Trust. On appointment, Trustees/Directors receive information relating to the Trust, including policies and procedures and receive an induction pack on the role and responsibilities of Trustees/Directors.

Appropriate training opportunities are provided throughout the year based on their existing areas of expertise.

Organisational Structure

The Trustees/Directors are responsible for setting general policy, the strategic direction and growth of the Trust, adopting an annual plan and budget, monitoring the Trust and Academies by the use of financial management and other performance information, making appointments to the Federation Senior Leadership Team and approving the Annual Report and Financial Statements.

The Chief Executive Officer is the Accounting Officer. The management of the Trust is delegated to the Chief Executive Officer and the Federation Senior Leadership Team (FSLT). The FSLT consists of the Chief Executive Officer, Director of Academy Excellence, Academy Principals and the Chief Finance Officer. These managers control the Trust and Academies at an executive level implementing the policies laid down by the Trustees/Directors and reporting back to them. As a group the FSLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointments for members of the Federation Senior Leadership Team always contain Trustees/Directors.

The FSLT delegates day to day responsibilities to the Senior Leadership Team (SLT) of each Academy which consists of the Principal and Assistant Principals. These managers are responsible for the day to day operation of the Academies, in particular organising staff (teaching and non-teaching), facilities and pupils.

The Board of Trustees/Directors meet at least termly with the first meeting in each academic year being the business meeting. The Trustee/Director committees for Resources, Audit, Monitoring and Performance Management and the Local Advisory Committees (LAC) for each Academy meet on at least a termly basis. Reports from Trustee/Director Committees and the LACs are received, scrutinised and ratified by the Trustees/Directors. Trustees/Directors make regular visits to all Academies within the Trust, including attending LAC meetings and attending and supporting functions.

Roles and responsibilities of Members, Trustees/Directors and senior managers are clearly defined in the Company Delegation checklist.

Related Parties and other Connected Charities and Organisations

The Keys Federation controls Play Pals Childcare (North West), a childcare company providing Before & After School Childcare and Nursery Day Care for the Academies within the Trust. Play Pals Childcare (North West) operates as a company limited by guarantee. The Chief Executive Officer (CEO) and the Chief Finance Officer (CFO) are Directors of Play Pals Childcare (North West).

This dynamic relationship between The Keys Federation and Play Pals ensures that all families can access high quality childcare if required.

The CEO acts as the National Primary Lead and Strategic Partner for the Whole Education Network, a values-led, impact-focused and evidence-informed organisation. Whole Education is a partnership of schools and organisations committed to redefining today's educational offering. As a national network, this facilitates shared-learning and collaboration between innovative schools; exposes teachers to world-class thinking and approaches; and supports effective professional development, enabling its member school to move beyond delivering the national curriculum to building a stronger foundation for learning – a 'whole education'.

The Keys Federation

Trustees' Report for the period from 11 November 2014 to 31 August 2015 (continued)

Objectives and Activities

Objects and Aims

The Trust's principal object is to advance for the public benefit education for children by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include Church of England Academies and other Academies whether with or without a designated religious character.

The vision of the Trustees/Directors is to unlock potential and provide innovative opportunities at the heart of our communities and make a difference by raising aspirations and improving children's life chances within safe and welcoming environments.

Our Schools are all about passion, determination and enthusiasm. We see challenges as opportunities and have an unshakeable belief in the right of children to a high quality education.

Objectives, Strategies and Activities

The Trust's main strategy is to develop and maintain a culture of excellence across our organisation that provides fantastic learning opportunities for the children in our Academies.

The Trust's objectives for the period ending 31 August 2015 are summarised below:

- To raise the standard of educational achievements of all pupils in the Trust's Academies;
- To ensure that every child enjoys the same high quality education in terms of resourcing, teaching and learning;
- To comply with all appropriate statutory and curriculum requirements;
- To provide value for money for the funds expended;
- To conduct the Trust and Academy business in accordance with the highest standards of integrity, probity and openness.

The Keys Federation Trust is an organisation that provides opportunities for staff and pupils alike, but always embraces the local community so as to ensure the Academies are at the centre. We aim for our communities to be proud of the local Keys Federation Trust.

As we continue to grow, we are determined to remain an organisation of 'first choice'. We believe that it is important that children are able to attend a 'Good' or 'Outstanding' local school.

Public Benefit

The Trust's purpose is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum. Our Academies directly serve our local communities and provide free education to pupils in the catchment areas.

The Trustee/Directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The Keys Federation

Trustees' Report for the period from 11 November 2014 to 31 August 2015 (continued)

Strategic Report

Achievements and Performance

Our Academies are part of the local authority's school improvement consortia model, which includes 24 schools. Our CEO is the Lead of the local area consortium and a National Leader of Education (NLE). One of our Academies, St. Peter's, is a National Support School and two of our Principals are Specialist Leaders of Education (SLEs) who have led programmes of school-to-school support in a number of primary schools in relation to Early Years Provision and Teaching & Learning Pedagogy.

At the end of Year 2, children were assessed according to National Curriculum levels. The national expectation is that all children are working at Level 2 or higher by the end of Key Stage 1.

The Key Stage 1 assessment results for our Academies in 2014/15 were as follows: .

	St. Hindley	Peter's	Hindley Green	St. John's	St. John's Abram
			CP	Hindley Green	
L2+ Reading	96%		88%	90%	95%
L2+ Writing	91%		85%	90%	77%
L2+ Maths	96%		92%	100%	98%
L3+ Reading	36%		20%	37%	52%
L3+ Writing	11%		17%	13%	18%
L3+ Maths	40%		24%	37%	14%

At the end of Year 6 all children were assessed in Reading, Writing and Maths and they are expected to be working at Level 4 or higher.

The Key Stage 2 assessment results for our Academies in 2014/15 were as follows:

	St. Hindley	Peter's	Hindley Green	St. John's	St. John's Abram
			CP	Hindley Green	
L4+ Reading	94%		90%	100%	96%
L5+ Reading	53%		45%	44%	42%
L6 Reading					4%
L4+ Writing	94%		82%	94%	92%
L5+ Writing	35%		41%	50%	46%
L6 Writing					4%
L4+ Maths	94%		94%	100%	92%
L5+ Maths	32%		39%	38%	19%
L6 Maths	6%		6%		4%
L4+ SPAG	85%		78%	94%	92%
L5+ SPAG	59%		47%	63%	58%
L6 SPAG			4%		12%

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Trustees' Report for the period from 11 November 2014 to 31 August 2015 (continued)

Attendance in our Academies for 2014/15 academic year was as follows:

St. Peter's, Hindley	Hindley Green CP	St. John's Hindley Green	St. John's Abram
96.5%	95.3%	94.8%	95.2%

We are proud of our staff and pupils' achievements and we continue to make year on year improvements in every aspect of our work. We have high aspirations for our pupils and a clear vision for even further improvement and success.

Other notable achievements across the Trust's academies during the period include:

- Awards from Whole Education for our work with our children include The Passport to Employment; Narrowing the Gap and Innovations in Literacy; Leadership Culture and Change.
- St. Peter's Hindley received the Church & School Partnership 2 award, Silver Mental Health award and Silver School Games award
- Hindley Green CP received the School Games Gold Award, Silver Mental Health award and the Sustainable School award
- St. John's Hindley Green received the School Games Gold Award and the Gold Mental Health award.
- St. John's Abram received the Gold Mental Health award.
- Creation of a new gated car park to service St. John's school Hindley Green and the Trust Head Office.
- A significant refurbishment programme to the KS2 department at St. John's Abram, along with refurbishment work to the car park.
- Continued successful promotion of The Keys Federation brand securing further significant school to school support contracts in the North West.

Key Performance Indicators

The Education Funding Agency (EFA) monitors the Trust via a number of statistical returns. The Trust completed a self-assessment of its financial management and governance in February 2015. The Trustees/Director's Resources Committee monitor percentage spends and emphasis is placed on monitoring staffing and educational resources spending.

The Trustees/Directors approved the budget for the period 1 January 2015 to 31 August 2015 and staffing costs for the eight month period accounted for 74.9% of all restricted fund income.

Going Concern

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

Financial Review

Most of the Trust and Academy income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA in the eight months ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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Trustees' Report for the period from 11 November 2014 to 31 August 2015 (continued)

The Trust also received grants from the EFA and other organisations. In accordance with the Charity Commission's document 'Accounting and Reporting by Charities: Statement of Recommended Practice 2005', such grants are shown in the Statement of Financial Activities as restricted income in the restricted general fund and fixed asset fund. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

During the eight months ended 31 August 2015, total expenditure of £3,091,164 on the restricted general fund was more than covered by recurrent grant income from the EFA together with other incoming resources which totalled £3,349,933. The excess of income over expenditure on this fund for the period was £258,769. Total funds carried forward amount to £1,179,646 being the total of the Unrestricted and Restricted general funds. This is in line with the Trust's strategy to build and maintain adequate reserves to fund an ambitious plan of future improvements and development of the organisation and its infrastructure.

Unrestricted income in the eight months ended 31st August 2015 amounted to £946,212. There was no unrestricted expenditure.

At 31st August 2015 the net book value of fixed assets amounted to £9,196,823 and movements in fixed assets are shown in note 14 to the financial statements. The cost of fixed asset additions in the eight months to 31 August 2015 amounted to £79,642.

The pension deficit inherited on conversion to academy on 1 January 2015 was £1,044,000. The deemed interest, service charge and actuarial loss incurred in the period have resulted in a total deficit on the pension fund at 31 August 2015 of £1,172,000.

Employees and disabled persons

The Keys Federation Trust is an equal opportunity employer and proudly discloses this throughout its recruitment processes. The Trust welcomes applications for employment from disabled persons.

The Trust is responsive to changes to an employee's individual circumstances through being or becoming disabled which includes making appropriate adjustments to working conditions. As an employee of the Trust, a disabled person can expect to be afforded development and career progression that befits their skills and expertise.

Reserves Policy

The Trustees/Directors will review the level of reserves on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trust's current level of free reserves (total reserves less the amounts held in fixed asset reserve and restricted pension fund reserve) is £1,179,646. The amount is kept secure for a time when it is needed to self-finance a scheme of major capital projects.

The Trustees/Directors have decided to adopt a prudent approach to reserves and aim to build a group of reserve of designated funds of at least 5% of annual income to safeguard against unforeseen circumstances, capital improvements or developments, late EFA payments, emergencies and other catastrophes. This is sound commercial practice designed to safeguard the Trust's business activities and quality of education at all of the academies in the group.

In addition, the net liability due to the Trust's participation in the Local Government Pension Scheme (LGPS) amounts to £1,172,000. It should however be noted that an immediate liability for this amount is not crystallised at the financial year end. 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 and provides comfort to the Trustees/Directors in the unlikely event of an academy closure.

The Keys Federation

Trustees' Report for the period from 11 November 2014 to 31 August 2015 (continued)

Investment Policy

At The Keys Federation Trust we are careful with the public money we are entrusted with. Adequate cash balances are maintained to ensure that there are always sufficient funds in the Trust's current account to cover financial commitments such as payroll and day-to-day expenses. However, If there is a surplus of funds after all financial commitments have been considered, this surplus will be invested and we will take steps to manage the risk associated with such financial investments. Funds will be invested in tranches of up to £25,000 and after agreement from the Resources Committee.

During the eight months to 31 August 2015, no such investments have been made but cash balances are safeguarded by investing them in interest bearing current accounts with sound commercial banks (currently Lloyds Bank PLC).

Principal Risks and Uncertainties

The principal risks to the Trust are documented and managed using a risk register which is regularly reviewed.

The main risks are seen as the loss of reputation resulting from a drop in standards and academic performance at the Academies, falling pupil numbers, failure to safeguard our pupils and business interruption due to significant property related incidents. Key controls in place to mitigate these risks are:

- In-depth data analysis
- Annual school improvement plans at all Academies of the Trust
- Robust self-evaluation procedures
- Quality Assurance from Consortia validation and external peer reviews
- An organisational structure with clearly defined roles, responsibilities and authorisation levels
- Documented terms of reference for the committees of the Trust and the Local Advisory Committees
- Financial planning, budgeting and regular monitoring reports highlighting key areas of financial risk,
- Formal written and published policies for employees,
- Vetting procedures as required by legislation for the protection of the vulnerable,
- Robust due diligence procedures in place for new contracts and commissions,
- Regular Premises & Grounds inspections and Health & Safety reports ensuring the Trust and its Academies are statute compliant.

Plans for Future Periods

The overall performance in this reporting period was strong and as a consequence will directly reinforce the Trust's medium to long-term strategy.

The Keys Federation Trust will continue to work closely with Liverpool Diocese and the local authority, offering support to other schools and working groups through the Consortia.

The Trust's main annual objectives for next year are:

- To consider strategic growth opportunities that will achieve the Trust's mission and add value to the organisation;
- To strive for continuous improvement in examination results and all indicators of performance in all of the Trust's academies;
- To develop The Spirit of Purpose incorporating high quality professional learning and career progression opportunities for all Trust employees;

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Trustees' Report for the period from 11 November 2014 to 31 August 2015 (continued)

- To monitor, maintain and support outstanding governance at The Keys Federation Academy Trust;
- To continue to develop school facilities at all sites;
- To maintain adequate financial reserves to fund building and other investment needs.

Excellent standards of behaviour will be maintained to create a well ordered community with learning and the support of pupils at the heart. The Academies aim to maintain or increase pupil numbers and the DREAM curriculum (Depth of knowledge and understanding *is facilitated through Research, Enquiry and Analysis to ensure* Mastery of skills) will be broad, balanced and relevant in all Key Stages from Early Years to Key Stage 2, allowing all pupils to unlock their potential and achieve success.

Teaching and learning will have pace, purpose, variety and rigour. Pupils will be able to progress as a result of personalised programmes of study and will be confident users of ICT. Through robust assessment for learning, pupils will know what they need to do to improve.

Staff will be confident practitioners with appropriate professional development opportunities. Educational outcomes in all performance indicators will be well above national averages and the Academies will be in the "high performing" category. The strategic development of the Academies will be effectively planned, monitored and supported by well-equipped and committed Local Advisory Committees and the main Board of Trustees/Directors.

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.

The audit business Hallidays has been appointed as the company's auditor. The audit report has been issued by Hallidays.

Approved by order of the Board of Trustees/Directors on 3 December 2015 and signed on its behalf by:

.....*S. Davidson*.....
Mrs. S. Davidson
Chair of Trustees

The Keys Federation

Governance Statement

Scope of Responsibility

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

The Board of Trustees/Directors has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Keys Federation and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Trustees/Directors are well trained and are committed to attending training that enhances understanding of their responsibilities and legal function. This equips them with the knowledge to provide both challenge and support for the Federation Senior Leadership Team.

Governance

The information on governance included here supplements that described in the Trustees'/Directors' Report and in the Statement of Trustees'/Directors' Responsibilities. The Board of Trustees/Directors formally met four times during the eight months ended 31 August 2015. Attendance during the period at meetings of the Board of Trustees/Directors was as follows:

Trustee	Meetings attended	Out of a possible
Mr. B. Anthon	3	4
Mrs. S. Bruton	4	4
Mrs. S. Davidson	4	4
Mrs. K. Gore	4	4
Mr. A. Meadows	3	4
Mrs. J. Reynolds	3	4
Rev'd Canon M. Sherwin	4	4
Mrs. J. Smith	3	4
Mrs. A. Taylor	3	4
Mrs. L. Worswick	4	4
Mrs. L. Worthington	4	4

The Committees of the Board of Trustees/Directors have met on a regular basis throughout the year and the business conducted by these committees is reported to the Trust Board. Attendance at meetings in the eight months ended 31 August 2015 was as follows:

Resources Committee is responsible for all matters relating to Finance, Personnel, Facilities and Health & Safety

Trustee	Meetings attended	Out of a possible
Mr. B. Anthon	3	3
Mrs. S. Bruton	3	3

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Governance Statement (continued)

Mrs. S. Davidson	3	3
Mrs. K. Gore	1	3
Mrs. J. Smith	3	3
Mrs. L. Worswick	0	3

Mrs. J. Jones was in attendance at these meetings in her capacity as Chief Finance Officer from the Federation Senior Leadership Team.

Audit Committee maintains an oversight of the Academy Trust's governance, risk management, internal control and value for money framework.

Trustee	Meetings attended	Out of a possible
Mr. A Meadows	2	2
Mrs. J Reynolds	1	2
Mrs. L. Worthington	2	2

Mrs. J. Jones was in attendance at these meetings in her capacity as Chief Finance Officer from the Federation Senior Leadership Team.

Monitoring Committee is responsible for agreeing targets for pupil achievement and will receive regular reports on progress towards these targets.

Trustee	Meetings attended	Out of a possible
Mrs. S. Davidson	2	2
Rev'd Canon M. Sherwin	2	2
Mrs. A. Taylor	2	2
Mrs. L. Worswick	2	2
Mrs. L. Worthington	2	2

Mrs. J. Adams was in attendance at these meetings in her capacity as Executive Principal (now Director of Academy Excellence) from the Federation Senior Leadership Team.

Performance Management Committee develops and monitors the implementation of, and annually reviews, the performance management policy.

Trustee	Meetings attended	Out of a possible
Mrs. S. Davidson	1	2
Rev'd Canon M. Sherwin	2	2
Mrs. L. Worthington	2	2

Mrs. S. Bruton was in attendance at these meetings in her capacity as Chief Executive officer from the Federation Senior Leadership Team.

Membership of the Local Advisory Committees has been reviewed during the year and a proactive approach to recruiting new members with the required skills set has been adopted.

The Keys Federation

Governance Statement (continued)

During the Autumn Term 2015 the Trust Board intends to undertake a self-assessment of governance arrangements to ensure a strategic development plan can be implemented. The Board are seeking to appoint at least one additional trustee/director with the necessary skills and expertise required.

To align with DfE strategy, an additional Trust Member will also be appointed with expertise in Finance and Business to ensure complete transparency and an independent approach.

Review of Value for Money

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

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

- The academic performance of the Academies shows an upward trajectory, proving that education outputs benefit from the resources and budgets afforded by the Trust and that value is being achieved within headline results.
- Collaboration between Academies to facilitate consistency and good practice allowing educational professionals to share best practice, improve self-evaluation, cross pollenate strategy, data and resources and to be each other's critical friend.
- Making significant improvements to the fabric of the estate at its school sites.
- Ensuring the financial performance of the Trust is robust and the slightly better than anticipated surpluses are held in line with the Trust's Reserves policy. When taken together with academic performance, this demonstrates good financial management and the targeting of resources.

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 on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Keys Federation Trust for the period 1 January 2015 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees/Directors has reviewed the key risks to which the Trust is exposed together with the operation, financial and compliance controls that have been implemented to mitigate those risks. The Board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that have been in place for the period 1 January 2015 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees/Directors.

The Keys Federation

Governance Statement (continued)

The Risk and Control Framework.

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

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

The Board of Trustees/Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Hallidays, the external auditor, to perform additional checks. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

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

On a termly basis the auditor reports to the Trust Board, through the Audit Committee, on the operation of systems of control and on the discharge of the Board of Trustees/Directors financial responsibilities.

The auditor has delivered their schedule of work as planned and completed the most recent review in June 2015 and reported that there were no material control issues.

Review of Effectiveness

As Accounting Officer, the Chief Executive officer has a responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:

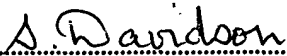
- The work of the senior leaders within the Academy Trust who have responsibility for the development and maintenance of the internal control framework;
- The work of the internal auditor;
- The work of the external auditor;
- The work of the Audit committee;
- The financial management and governance self-assessment process.

The Accounting Officer has been advised of the implications of the result of their review of the system on internal control by the Audit Committee and a plan to address minor weaknesses and ensure continuous improvement of the system is in place.

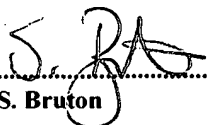
Approved by order of the members of the Board of Trustees/Directors on 3/12/15 and signed on its behalf by:

The Keys Federation

Governance Statement (continued)


.....
Mrs. S. Davidson

Chair of Trustees


.....
Mrs. S. Bruton

Chief Executive Officer and
Accounting Officer

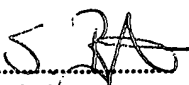
The Keys Federation

Statement on Regularity, Propriety and Compliance

As accounting officer of The Keys Federation I have considered my responsibility to notify the trust Board of Trustees/Directors and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Board of Trustees/Directors 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.

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


.....
Mrs. S. Bruton
Accounting Officer

The Keys Federation

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 2014 to 2015 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2005;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 3 December 2015 and signed on its behalf by:



Mrs. S. Davidson
Chair of Trustees

The Keys Federation

Independent Auditor's Report on the Financial Statements to the Members of The Keys Federation

We have audited the financial statements of The Keys Federation for the period from 11 November 2014 to 31 August 2015, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement 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). The financial statements have been prepared under the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 17), 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 Annual 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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency; 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 period for which the financial statements are prepared is consistent with the financial statements.

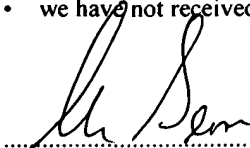
Matters on which we are required to report by exception

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

The Keys Federation

Independent Auditor's Report on the Financial Statements to the Members of The Keys Federation (continued)

- 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.



Anna Bennett (Senior Statutory Auditor)
For and on behalf of Hallidays, Statutory Auditor

Riverside House
King's Reach Business Park
Yew Street
Stockport
SK4 2HD

3 December 2015

The Keys Federation

Independent Reporting Accountant's Report on Regularity to The Keys Federation and the Education Funding Agency

In accordance with the terms of our engagement letter dated 21 January 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Keys Federation during the period 11 November 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Board of Trustees/Directors's funding agreement with the Secretary of State for Education dated 23 December 2014 and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 11 November 2014 to 31 August 2015 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 2014 to 2015 issued by the Education Funding Agency. 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:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.

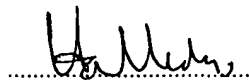
The Keys Federation

Independent Reporting Accountant's Report on Regularity to The Keys Federation and the Education Funding Agency (continued)

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the governing body and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the MAT board and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 11 November 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hallidays, Chartered Accountants

Riverside House
King's Reach Business Park
Yew Street
Stockport
SK4 2HD

3 December 2015

The Keys Federation

Statement of Financial Activities for the Period from 11 November 2014 to 31 August 2015

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Fund £	Restricted Fixed Asset Funds £	Total 2015 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Transfer on conversion	2	610,106	-	(1,044,000)	9,382,000	8,948,106
Other voluntary income	2	53,699	25,459	-	-	79,158
Activities for generating funds	3	282,023	7,280	-	-	289,303
Investment income	4	384	-	-	-	384
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	3,317,194	-	54,306	3,371,500
Total incoming resources		<u>946,212</u>	<u>3,349,933</u>	<u>(1,044,000)</u>	<u>9,436,306</u>	<u>12,688,451</u>
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations		-	3,081,654	48,000	264,818	3,394,472
Governance costs	8	-	9,510	-	-	9,510
Total resources expended	6	<u>-</u>	<u>3,091,164</u>	<u>48,000</u>	<u>264,818</u>	<u>3,403,982</u>
Net incoming/(outgoing) resources before transfers		946,212	258,769	(1,092,000)	9,171,488	9,284,469
Gross transfers between funds		<u>-</u>	<u>(25,335)</u>	<u>-</u>	<u>25,335</u>	<u>-</u>
Net income/(expenditure) for the period		946,212	233,434	(1,092,000)	9,196,823	9,284,469
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	26	-	-	(80,000)	-	(80,000)

The Keys Federation

Statement of Financial Activities for the Period from 11 November 2014 to 31 August 2015

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)

Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Fund £	Restricted Fixed Asset Funds £	Total 2015 £
Net movement in funds/(deficit)	<u>946,212</u>	<u>233,434</u>	<u>(1,172,000)</u>	<u>9,196,823</u>	<u>9,204,469</u>
Reconciliation of funds					
Funds/(deficit) carried forward at 31 August 2015	<u>946,212</u>	<u>233,434</u>	<u>(1,172,000)</u>	<u>9,196,823</u>	<u>9,204,469</u>

All of the Academy's activities derive from acquisitions in the current financial period.


A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The Keys Federation

(Registration number: 09306360)
Balance Sheet as at 31 August 2015

	Note	31 August 2015 £
Fixed assets		
Tangible assets	13	9,196,823
Current assets		
Debtors	14	118,900
Cash at bank and in hand		<u>1,271,868</u>
		1,390,768
Creditors: Amounts falling due within one year	15	<u>(211,122)</u>
Net current assets		<u>1,179,646</u>
Total assets less current liabilities		<u>10,376,469</u>
Net assets excluding pension liability		10,376,469
Pension scheme liability	26	<u>(1,172,000)</u>
Net assets including pension liability		<u>9,204,469</u>
Funds of the Academy:		
Restricted funds		
Restricted general fund		233,434
Restricted fixed asset fund		9,196,823
Restricted pension fund		<u>(1,172,000)</u>
		8,258,257
Unrestricted funds		
Unrestricted general fund		<u>946,212</u>
Total funds		<u>9,204,469</u>

The financial statements on pages 22 to 47 were approved by the Trustees, and authorised for issue on 3 December 2015 and signed on their behalf by:



 Mrs S Bruton (Chief Executive and Accounting Officer)
 Trustee

The Keys Federation

Cash Flow Statement for the Period from 11 November 2014 to 31 August 2015

	Note	31 August 2015 £
Net cash inflow from operating activities	20	741,020
Cash transferred on conversion to an academy trust		610,106
Returns on investments and servicing of finance	21	384
Capital expenditure and financial investment	22	<u>(79,642)</u>
Increase in cash in the period	23	<u><u>1,271,868</u></u>
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the period		1,271,868
Net funds at 11 November 2014		<u>-</u>
Net funds at 31 August 2015		<u><u>1,271,868</u></u>

All of the cash flows are derived from acquisitions in the current financial period.

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Keys Federation. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

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.

Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

Donations

Donations are recognised on a receivable basis where there is certainty of receipt 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 services and gifts in kind

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

Cost of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Asset class	Depreciation method and rate
Buildings	2% years straight line
Fixtures and fittings	20% straight line
Computer equipment	33.33% straight line

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.

Leased assets

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

Taxation

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

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 Education Funding Agency/Department for Education/sponsor/other 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.

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Restricted pension fund £	Restricted fixed asset funds £	Total 2015 £
Transfer on conversion	610,106	-	(1,044,000)	9,382,000	8,948,106
Other voluntary income					
Educational trips and visits	-	25,459	-	-	25,459
Other donations	53,699	-	-	-	53,699
	<u>53,699</u>	<u>25,459</u>	<u>-</u>	<u>-</u>	<u>79,158</u>
Total voluntary income	<u>663,805</u>	<u>25,459</u>	<u>(1,044,000)</u>	<u>9,382,000</u>	<u>9,027,264</u>

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2015 £
Hire of facilities	10,034	-	10,034
Catering income	154,793	-	154,793
School shop sales	8,060	-	8,060
Recharges and reimbursements	-	7,280	7,280
Other income	109,136	-	109,136
	<u>282,023</u>	<u>7,280</u>	<u>289,303</u>

4 Investment income

	Unrestricted funds £	Total 2015 £
Short term deposits	<u>384</u>	<u>384</u>

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

5 Funding for Academy's educational operations

	Restricted funds £	Restricted fixed asset funds £	Total 2015 £
DfE/EFA capital grants			
EFA Capital grants	-	54,306	54,306
DfE/EFA revenue grants			
General Annual Grant (GAG)	2,781,567	-	2,781,567
Other DfE/EFA grants	264,129	-	264,129
Start up grants	210,000	-	210,000
	<u>3,255,696</u>	<u>-</u>	<u>3,255,696</u>
Other government grants			
Local authority grants	61,498	-	61,498
Total grants	<u>3,317,194</u>	<u>54,306</u>	<u>3,371,500</u>

6 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2015 £
Academy's educational operations				
Direct costs	2,194,563	230,869	159,758	2,585,190
Allocated support costs	320,776	210,487	278,019	809,282
	<u>2,515,339</u>	<u>441,356</u>	<u>437,777</u>	<u>3,394,472</u>
Governance costs including allocated support costs				
	-	-	9,510	9,510
	<u>2,515,339</u>	<u>441,356</u>	<u>447,287</u>	<u>3,403,982</u>

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

6 Resources expended (continued)

Net incoming/outgoing resources for the period include:

	31 August 2015 £
Operating leases:	
Operating leases - other leases	120
Fees payable to auditor - audit	4,825
- other services	<u>4,325</u>

7 Charitable activities

	Restricted Funds 2015 £	Restricted Fixed Asset Funds 2015 £	Total 2015 £
Direct costs - educational operations			
Teaching and educational support staff costs	2,194,563	-	2,194,563
Depreciation	-	230,869	230,869
Educational supplies	134,154	-	134,154
Staff development	25,604	-	25,604
	<u>2,354,321</u>	<u>230,869</u>	<u>2,585,190</u>
Support costs - educational operations			
Support staff costs	289,776	-	289,776
FRS 17 service cost adjustment	31,000	-	31,000
Depreciation	-	33,949	33,949
Maintenance of premises and equipment	49,527	-	49,527
Cleaning	15,422	-	15,422
Rent, rates and utilities	76,640	-	76,640
Insurance	34,949	-	34,949
Recruitment and support	4,862	-	4,862
Security and transport	2,262	-	2,262
Catering	179,194	-	179,194
Bank interest and charges	51	-	51
Interest on defined benefit pension scheme	17,000	-	17,000
Professional fees	1,882	-	1,882
Other support costs	72,768	-	72,768
	<u>775,333</u>	<u>33,949</u>	<u>809,282</u>
Total direct and support costs	<u>3,129,654</u>	<u>264,818</u>	<u>3,394,472</u>

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

8 Governance costs

	Total 2015 £
Legal and professional fees	360
Auditors' remuneration	
Audit of financial statements	4,825
Other audit services	4,325
	<u>9,510</u>

9 Staff

Staff costs

	2015 £
Staff costs during the period were:	
Wages and salaries	2,045,967
Social security costs	130,516
Pension costs	314,046
Supply teacher costs	24,810
	<u>2,515,339</u>

The average number of persons (including senior management team) employed by the Academy during the period expressed as full time equivalents was as follows:

	31 August 2015 No
Charitable Activities	
Teachers	36
Administration and support	50
Management	14
	<u>100</u>

Higher paid staff

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

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Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

9 Staff (continued)

	31 August 2015 No
£90,001 - £100,000	<u>1</u>

One of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2015, pension contributions for these staff amounted to £13,238.

10 Central services

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

- Governance
- HR/Payroll
- Finance
- Leadership Support
- Estates Management
- Procurement Management

The trust charges for these services on the following basis:

- flat percentage of General Annual Grant (GAG) income (10%)

The actual amounts charged during the year were as follows:

	31 August 2015 £
St. Peter's Church of England Primary School	74,048
Hindley Green Community Primary School	129,892
St. John's Church of England Primary School, Hindley Green	66,348
St. John's Church of England Primary School, Abram	<u>98,372</u>
	<u>368,660</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:

Mrs S Bruton (Chief Executive and Accounting Officer) (Headteacher):

Remuneration: £90,000 - £95,000

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

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Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

11 Related party transactions - trustees' remuneration and expenses (continued)

During the period ended 31 August 2015, travel and subsistence expenses totalling £368 were reimbursed or paid directly to 1 trustees.

Other related party transactions involving the trustees are set out in note 27.

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 provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2015 was included in the total insurance cost.

13 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Tenants improvements £	Total £
Cost				
Inherited on conversion	8,189,000	1,193,000	-	9,382,000
Additions	-	19,722	59,920	79,642
At 31 August 2015	<u>8,189,000</u>	<u>1,212,722</u>	<u>59,920</u>	<u>9,461,642</u>
Depreciation				
Charge for the year	105,400	159,419	-	264,819
At 31 August 2015	<u>105,400</u>	<u>159,419</u>	<u>-</u>	<u>264,819</u>
Net book value				
At 31 August 2015	<u>8,083,600</u>	<u>1,053,303</u>	<u>59,920</u>	<u>9,196,823</u>

14 Debtors

	31 August 2015 £
Trade debtors	2,625
Prepayments	14,152
Accrued income	57,430
VAT recoverable	44,377
Other debtors	316
	<u>118,900</u>

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Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

15 Creditors: amounts falling due within one year

	31 August 2015 £
Trade creditors	1,311
Accruals	28,013
Deferred income	181,798
	<u>211,122</u>
	<u>31 August 2015 £</u>
Resources deferred in the period	<u>181,798</u>

At the balance sheet date the Academy Trust was holding funds received in advance for Rates Relief (EFA), Devolved Formula Capital (EFA), Special Educational Needs, Infant School Meals, and Growth Funding.

16 Funds

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2015 £
Restricted general funds				
General Annual Grant (GAG)	2,781,567	(2,522,798)	(25,335)	233,434
Start Up Grant	210,000	(210,000)	-	-
Pupil Premium	264,129	(264,129)	-	-
Other restricted	94,237	(94,237)	-	-
	<u>3,349,933</u>	<u>(3,091,164)</u>	<u>(25,335)</u>	<u>233,434</u>
Restricted fixed asset funds				
Transfer on conversion	9,382,000	(264,818)	-	9,117,182
DfE/EFA Capital grants	54,306	-	-	54,306
Capital expenditure from GAG	-	-	25,335	25,335
	<u>9,436,306</u>	<u>(264,818)</u>	<u>25,335</u>	<u>9,196,823</u>
Restricted pension funds				
Pension reserve	<u>(1,044,000)</u>	<u>(48,000)</u>	<u>(80,000)</u>	<u>(1,172,000)</u>
Total restricted funds	11,742,239	(3,403,982)	(80,000)	8,258,257

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

16 Funds (continued)

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2015 £
Unrestricted funds				
Unrestricted general funds	946,212	-	-	946,212
Total funds	<u>12,688,451</u>	<u>(3,403,982)</u>	<u>(80,000)</u>	<u>9,204,469</u>

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

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 Education Funding Agency/Department for Education/sponsor/other 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.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £
St. John's Church of England Primary School, Abram	228,051
Hindley Green Community Primary School	399,937
St. John's Church of England Primary School, Hindley Green	237,673
St. Peter's Church of England Primary School	221,754
Central services	<u>92,231</u>
Total before fixed assets and pension reserve	1,179,646
Transfer on conversion	9,196,823
Pension reserve	<u>(1,172,000)</u>
Total	<u><u>9,204,469</u></u>

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

16 Funds (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total £
Hindley Green Community Primary School	769,431	73,353	48,867	163,350	1,055,001
St. John's Church of England Primary School, Abram	414,149	38,020	35,488	83,749	571,406
St. Peter's Church of England Primary School	545,261	41,517	26,119	95,174	708,071
St. John's Church of England Primary School, Hindley Green	316,449	33,183	23,068	67,418	440,118
Central services	<u>149,273</u>	<u>103,703</u>	<u>612</u>	<u>110,980</u>	<u>364,568</u>
Academy Trust	<u>2,194,563</u>	<u>289,776</u>	<u>134,154</u>	<u>520,671</u>	<u>3,139,164</u>

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	9,196,823	9,196,823
Current assets	946,212	479,056	-	1,425,268
Current liabilities	-	(245,622)	-	(245,622)
Pension scheme liability	-	(1,172,000)	-	(1,172,000)
Total net assets	<u>946,212</u>	<u>(938,566)</u>	<u>9,196,823</u>	<u>9,204,469</u>

18 Capital commitments

	31 August 2015 £
Contracted for, but not provided in the financial statements	<u>206,907</u>

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

19 Financial commitments

Operating leases

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	31 August 2015 £
Other	
Within two to five years	<u>120</u>

20 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	31 August 2015 £
Net income	9,284,469
Depreciation	264,819
Cash transferred on conversion to an academy trust	(610,106)
Donations - Inherited assets less pension liability	(8,338,000)
Interest receivable	(384)
FRS 17 interest on defined benefit pension scheme	17,000
FRS17 service cost adjustment	31,000
Increase in debtors	(118,900)
Increase in creditors	<u>211,122</u>
Net cash inflow from operating activities	<u>741,020</u>

21 Returns on investments and servicing of finance

	31 August 2015 £
Interest received	<u>384</u>
Net cash inflow from returns on investments and servicing of finance	<u>384</u>

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

22 Capital expenditure and financial investment

	31 August 2015
	£
Purchase of tangible fixed assets	<u>(79,642)</u>

23 Analysis of changes in net funds

	At 11 November 2014	Cash flows	At 31 August 2015
	£	£	£
Cash at bank and in hand	<u>-</u>	<u>1,271,868</u>	<u>1,271,868</u>

24 Contingent liabilities

During the life of the funding agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to:-

- a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

25 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.

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

26 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 Tameside Metropolitan Borough Council. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

26 Pension and similar obligations (continued)

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 (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation 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 £301,221.

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

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

26 Pension and similar obligations (continued)

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 period ended 31 August 2015 was £136,000, of which employer's contributions totalled £104,000 and employees' contributions totalled £32,000. The agreed contribution rates for future years are 14.6 per cent for employers and banded from 5.5 to 12.5 per cent for employees.

As described in the notes the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Principal actuarial assumptions

	At 31 August 2015 %
Rate of increase in salaries	3.90
Rate of increase for pensions in payment/inflation	2.70
Discount rate for scheme liabilities	<u>3.80</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.5%
Adjustment to discount rate	£
Present value of total obligation	<u>289,000</u>
	+ 0.5%
Adjustment to rate of salary growth	£
Present value of total obligation	<u>152,000</u>
	+ 1 Year
Adjustment to mortality age rating assumption	£
Present value of total obligation	<u>66,000</u>

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

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Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

26 Pension and similar obligations (continued)

	At 31 August 2015
Retiring today	
Males retiring today	21.40
Females retiring today	24.00
Retiring in 20 years	
Males retiring in 20 years	24.00
Females retiring in 20 years	<u>26.60</u>

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

	At 31 August 2015 £
Equities	746,000
Government bonds	186,000
Property	62,000
Cash	<u>41,000</u>
Total market value of assets	<u>1,035,000</u>
Surplus in the scheme	<u>1,035,000</u>

The expected rates of return were:

	At 31 August 2015 %
Equities	3.80
Government bonds	3.80
Property	3.80
Cash	<u>3.80</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £7,000.

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

26 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	31 August 2015 £
Current service cost	135,000
Total operating charge	<u>135,000</u>

Analysis of pension finance income/(costs)

	31 August 2015 £
Expected return on pension scheme assets	32,000
Interest on pension liabilities	<u>(49,000)</u>
Pension finance costs	<u>(17,000)</u>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is (£80,000).

Movements in the present value of defined benefit obligation

	31 August 2015 £
At 11 November	1,937,000
Current service cost	135,000
Interest cost	49,000
Employee contributions	32,000
Actuarial losses	<u>54,000</u>
At 31 August	<u>2,207,000</u>

Movements in the fair value of academy's share of scheme assets

	31 August 2015 £
At 11 November	893,000
Expected return on assets	32,000
Actuarial losses	(26,000)
Employer contributions	104,000
Employee contributions	<u>32,000</u>
At 31 August	<u>1,035,000</u>

The estimated value of employer contributions for next period is £154,000.

The Keys Federation

Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

26 Pension and similar obligations (continued)

History of experience adjustments

Amounts for the current period are as follows:

	31 August 2015 £
Present value of scheme liabilities	(2,207,000)
Fair value of scheme assets	<u>1,035,000</u>
Deficit in the scheme	<u>(1,172,000)</u>

27 Related party transactions

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

During the period the academy made the following related party transactions:

Play Pals Childcare (North West) (A company limited by guarantee)

Sharon Bruton and Janice Jones are directors of Play Pals Childcare (North West). The company provides before and after school childcare and nursery day care at schools within The Keys Federation. During the year Play Pals paid to the Keys Federation £9,700 for the use of facilities across the schools. The balance due (to) / from Play Pals at 31 August 2015 was £nil.

28 Conversion to an academy trust

On 1 January 2015 the converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Keys Federation from the Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

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Notes to the Financial Statements for the Period from 11 November 2014 to 31 August 2015 (continued)

28 Conversion to an academy trust (continued)

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Tangible fixed assets				
Leasehold land and buildings	-	-	8,189,000	8,189,000
Other tangible fixed assets	-	-	1,193,000	1,193,000
Budget surplus on LA funds	610,106	-	-	610,106
LGPS pension deficit	-	(1,044,000)	-	(1,044,000)
Net assets/(liabilities)	<u>610,106</u>	<u>(1,044,000)</u>	<u>9,382,000</u>	<u>8,948,106</u>

The above net assets include £610,106 that were transferred as cash.