

**KINGS ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Haines Watts**

Chartered Accountants & Registered Auditors  
Bridge House  
157A Ashley Road  
Hale  
Altrincham  
Cheshire  
WA14 2UT

# KINGS ACADEMY TRUST

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# KINGS ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

L Cooper (Chair of Trustees)  
Cllr J Collinson  
S W Balme  
J Owen  
J Hughes  
M Burgin  
J Mullineux

### Members

L Cooper  
J Bond  
S Wild  
P King  
C Harrison

### Senior management team

- Executive principal/CEO/Accounting Officer
- Associate Head Teacher
- Assistant Head
- Director of Teaching and Learning
- School Business Manager
- Director of Inclusion
- Finance Director – Interim

A Nicholson  
L Southwood  
A Stobart  
D Jones  
A Rose  
D Donnelly  
C Jones

### Company registration number

07982516 (England and Wales)

### Registered office

Chatsworth Road  
Eccles  
Manchester  
M30 9DY

### Independent auditor

Haines Watts  
Bridge House  
Ashley Road  
Hale  
Altrincham  
WA14 2UT

### Bankers

Lloyds Bank Plc  
King Street  
Manchester  
M2 3AU

### Solicitors

DWF  
1 Scott Place  
2 Hardman Street  
Manchester  
M3 3AA

# KINGS ACADEMY TRUST

## TRUSTEES' REPORT

### *FOR THE YEAR ENDED 31 AUGUST 2020*

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The trustees present their report with the financial statements of the charitable company for the year ended 31 August 2020. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The academy trust operates an academy for pupils aged 9 to 19 serving a catchment area within Greater Manchester and Local Authority commissioned pupil number of 230 pupils for the year.

#### **Structure, governance and management**

##### Constitution

The academy trust was incorporated on 8 March 2012 as a company limited by guarantee with no share capital registration no. 07982516. The company commenced operation as an academy on 1 May 2012. The charitable company's memorandum and articles of association are the primary governing documents of the academy. The initial members of the charitable company were nominated by the board of trustees of Kings Academy Trust. The articles of association require the members of the charitable company to be responsible for the statutory and constitutional affairs of the charitable company and the management of the academy. The academy trust's registered office address is shown on page 1.

##### Principal activities

Kings Academy Trust converted to academy trust status on 1 May 2012 at which point the entity's current operations commenced. The academy trust's principal activities are to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

##### Members' liability

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 period after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

##### Trustees' indemnities

In accordance with normal commercial practice the academy has purchased professional Indemnity and directors' and officers' insurance to protect the trustees and officers from claims arising from negligence, errors or omissions occurring whilst on academy business. Further details are disclosed in note 10.

##### Method of recruitment and appointment or election of trustees

The members of the trust are responsible for the appointment of trustees except the parent trustees and staff trustees who will be appointed through an election process directed by the board of trustees. The number of trustees shall be not less than three and shall not be subject to a maximum.

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

Trustees are appointed based on the skills that they will bring to the board of trustees or based on a proposal to the board of trustees by representative groups. On appointment, trustees receive information relating to the academy trust, attend a briefing and receive an induction pack on the role and responsibilities of trustees that is provided via a service level agreement with Governor Services.

During the year, trustees were offered all necessary training.

##### Organisational structure

The governance of the academy trust is defined in the memorandum and articles of association together with the funding agreement with the Department for Education.

All trustees are members of the board of trustees. In addition, trustees are members of committees which report to the board of trustees. The board of trustees meets once each term to receive reports from its sub-committees and manage its strategic objectives

# KINGS ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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The board has four sub-committees:

- Finance and Audit, which meets half termly to consider the academy trust's budgets and financial performance;
- HR and Personnel, which meets half termly to consider staffing matters (including absence) and remuneration;
- Pay Committee, which meets once a year to consider the pay recommendations and remuneration; and
- School Council, which meets termly with the chair of trustees to discuss key issues affecting pupils.

The day to day management is delegated to the executive principal, who has appointed a senior leadership team, which meets weekly to advise the executive principal on their day to day responsibilities.

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

Key management personnel performance management reviews are held on a termly basis, culminating in the final review which is presented to the pay committee in the first available meeting of the new academic year. In order to determine the pay recommendations to the pay committee: the performance management reviews for the executive management team are held with a panel of three governors and the executive principal. The executive team members are invited to present to the panel. All recommendations are presented to the pay committee. The executive principal, head of school and chair meet to review the performance of the remaining senior leadership team and all recommendations are again presented to the pay committee.

#### Trade union facility time

There were no relevant union officials during 2019/20 and consequently there was no time or pay bill spent on either facility time or any paid trade union activities.

#### Related parties and other connected charities and organisations

Kings Academy Trust is not connected to any other organisations as defined by the relevant Charities SORP with which it has transacted. The members, trustees, senior staff and their families are regarded as related parties in accordance with the definitions in the Charities SORP.

### **Objectives and activities**

#### Objects and aims

The academy trust's object is to advance for the public benefit education for children aged 9 to 19 by establishing, maintaining, carrying on, managing and developing an academy offering a broad and balanced curriculum.

The trustees' vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this.

Pupils and students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic and technological excellence and extend their sporting, artistic and musical accomplishments.

The academy trust fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

#### Objectives, strategies and activities

The academy trust's objective for the year ended 31 August 2020 was to raise the attainment level of all students through care and well-being, curriculum structure, teaching and learning, and leadership development.

Admission: The academy is commissioned by the local authority for 184 Pre 16 places KS2 to KS4 places.

The academy is commissioned by the local authority for 46 places which include both Post 16 KS5 places and the internship programme.

Permanent exclusions: The aim is to have exclusions only in exceptional circumstances. Kings Academy Trust had no permanent exclusions during the period from 1 September 2019 to 31 August 2020. During the same period there were no fixed term exclusions.

Staffing: The average number of (full time equivalent) staff employed during the year to 31 August 2020 was 81.

# KINGS ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### *FOR THE YEAR ENDED 31 AUGUST 2020*

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#### Public benefit

The academy trust will promote for the benefit of inhabitants of Salford and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The academy trust's trustees 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.

#### **Strategic report**

##### Achievements and performance

This was a very different year and awarding process for students who were due to sit exams. As no exams have taken place this year due to Covid-19 and the subsequent lockdown, King's Academy Trust was responsible for submitting Centre Assessed Grades (CAGs).

The trust submitted the sponsor application to become a sponsor academy and this was successfully approved in July 2018. The trustees are looking forward to enabling the outstanding practise currently employed with Kings Academy Trust to be shared with other academies to enable the best educational provision.

The academy trust places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

#### **Financial and performance review**

##### Impact of Covid-19

The trust has experienced both increased costs and savings as a result of the Covid-19 pandemic. The school partially closed on 20 March 2020 and remained open only to the children of key workers and the vulnerable. Examples of increased costs include cleaning costs and adaption of premises to become Covid-safe.

The trust has ring-fenced approximately £150,000 of budget in 2020/21 to respond to Covid-19. This includes investment in IT equipment, increased cleaning and hygiene costs.

The trust continues to invest heavily in the provision of high-quality remote learning, including live lessons. Clear strategies are in place to identify learning gaps that have been created through lockdown and school specific action plans to close them.

##### Review of the year

The trust's financial position for the year to 31 August 2020 demonstrates total income of £4,427,000. This income received and the associated expenditure are shown as restricted funds in the statement of financial activities.

An operational surplus of £158,000 (excluding restricted fixed asset funds and movement on the pension reserve) was declared for the year ended 31 August 2020.

At 31 August 2020, the net book value of tangible fixed assets was £386,000 and movements in tangible fixed assets are shown in note 11 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the trust.

##### Going concern

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

# KINGS ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### Reserves policy

The trustees review the reserve levels of the academy trust annually as per the policy. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of reserves should be equivalent to one month of the GAG, approximately £196,000, to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies. As at 31 August 2020 the academy trust held restricted general funds (excluding pension reserve) of £431,000, plus unrestricted reserves of £535,000.

Additionally, the trust held restricted fixed asset reserves of £386,000, which amount can only be realised by disposing of the related tangible fixed assets.

A strategic capital plan has been prepared and reviewed by the trustees in order that reserves can be prioritised and spent according to the needs of the academy trust.

Reserves carried forward at 31 August 2020 will be utilised as part of the medium and long term plans of the academy trust to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and extend facilities which would include the replacement of the MUGA at the Oakwood site. The reserves will also be available to support the growth of the trust.

#### Investment policy

The policy of Kings Academy Trust is to invest surplus funds only in risk free deposits with well known "high street" institutions in order to minimise risk. The director of business and finance is required periodically (at least annually) to review interest rates and compare with other similar investment opportunities. Any decision to invest will have due regard to the liquidity requirements of the academy trust. Changes to this policy require the approval of trustees via the Finance and Audit Committee.

#### Principal risks and uncertainties

Kings Academy Trust has adopted a risk management policy and risk review process. The risk registers are scrutinised by the Finance and Audit committee each term, and by the trust board each year. The objectives will be to determine an approach and where it is considered necessary, put in place measures of control and mitigation in order to manage risk.

The impact of Covid-19 is also recognised and the trust has detailed risk assessments in place. Contingency budgets have been built into the school budget to try to absorb additional operational costs.

The additional principal risks are seen as the loss of reputation through falling standards, falling student rolls and failure to safeguard our students.

Key controls in place are:

- the review of the current organisational structure and the defined roles, responsibilities and authorisation levels;
- terms of reference for the committees of the board of trustees;
- financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- detailed analysis of all data on a regular basis;
- robust internal controls across all financial processes to ensure continued rigour across the academy;
- formal written and published policies for employees;
- vetting procedure as required by law for the protection of the vulnerable; and
- adherence to the Academies Financial Handbook to ensure that all 'musts' are employed without exception.

The academy trust has recognised its share of the Local Government Pension Scheme (LGPS) assets and liabilities in accordance with FRS102. A deficit has been recognised at 31 August 2020. Future contribution rates are adjusted by the scheme managers so as to reduce this deficit.

#### **Fundraising**

The academy approaches fundraising through its Friends of Oakwood group. This has been very successful in lifting parental engagement across the whole school. There are many planned events such as the Halloween disco, the Christmas Fair and other such events. This runs as a charity organisation associated with the academy that follows PTA standards. There are no direct commercial participators that work with the PTA. All information is always shared with the school community through letters and other forms of social media. The trust has not received any complaints relating to this fundraising over the 2019-20 period.

# KINGS ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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The academy monitors the fundraising carried out on its behalf in monthly meetings, with a member of the SLT present, that are minuted to ensure that the PTA acts reasonably in its fundraising approaches, confirming that it does not unduly pressure the community to donate.

Whilst Covid 19 measures have impacted on the Friends of Oakwood ability to hold all of its annual events, this has affected the Trust from a social and engagement perspective, rather than financially. The Friends expect to resume activities as soon as Covid restrictions allow.

#### Plans for future periods

Kings Academy Trust became a multi academy trust in July 2015 and a sponsor academy in July 2018. In Spring the trust was informed that it had been successful in its application to open a free school in Salford. The Acorn Academy ASD provision is expected to open in September 2023. The trust is also welcoming The Kassia Academy and Support Services in November as it joins the trust following a re-brokerage. The academy, based in Warrington, is a secondary Alternative Provision.

#### Three year strategic plan

- To provide outstanding educational provision for all our learners including the 6th form students and Y5/6 provision.
- To develop a successful multi academy trust with effective governance.
- To develop our SEND provision for ASC or those needing such an approach.

#### Auditors

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 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 Haines Watts has been appointed as the company's auditor. The audit report has therefore been issued by Haines Watts.

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 20 January 2021 and signed on the board's behalf by:

.....  
**L Cooper**  
**Chair of trustees**



# KINGS ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the executive principal, as accounting officer, for ensuring financial controls conform to 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 Kings Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has met three times during the period. Attendance during the meetings of the board of trustees was as follows:

#### Full board of trustees' meetings

Trustees	Meetings attended	Out of possible
L Cooper	3	3
J Collinson	3	3
S Balme	3	3
M Burgin	2	3
J Mullyneux	3	3
J Owen	1	3
J Hughes	1	3
A Nicholson	3	3

### Governance review

The board undertakes an annual self-evaluation and skills review. Throughout 2019/20, the board has focussed on ensuring that the governance structure for the trust will be appropriate to ensure effective management and oversight as the multi-academy trust grows. This has necessitated a full review of the Terms of References for each of the committees within the trust, a detailed review of roles and responsibilities, including delegated responsibilities at each level of governance. This will continue to develop through 2020/21 as the trust grows and adapts to the requirements of this growth.

### Finance and Audit Committee

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to report to the full board of trustees on a timely basis regarding the finances of the academy trust, enabling the board to maintain effective oversight of funds. Attendance at meetings in the period was as follows:

Trustees	Meetings attended	Out of possible
L Cooper	2	4
Cllr J Collinson	4	4
S Balme	4	4

### Review of value for money

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

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

# KINGS ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

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The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Continued development of the ICT infrastructure to enable economic, effective and efficient suitability to the operational running of the school and ensuring all pupils have access to the up to date technology.
- Successful implementation of educational software to enhance the delivery of the literacy curriculum across the whole school.
- Enable all teaching staff to access further career development such as PhD qualification, NPQH, Middle Leader qualifications.
- Continued development of the Teaching School to deliver system led improvements and to identify potential outstanding students as part of the on-going recruitment across the academy.

The trustees, via the authority delegated to the Audit and Finance Committee, are strongly involved in the financial management of the academy trust, challenging where appropriate to ensure strong financial governance. The multi-academy trust's internal financial procedures demand that all budget holders seek to obtain best value for money and any major capital purchases are put out to formal tender, in line with the rules set out in the Scheme of Delegation.

### **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 academy's 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 at Kings Academy Trust for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process of identifying, evaluating and managing the academy trust's significant risks that have been in place for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The risk and control framework**

The academy trust's system of internal 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;
- provision of five year forecasted budget with scenarios provided to support future decisions.
- regular reviews by the Business and Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting realistic targets to measure financial and other performance;
- clearly defining purchasing (assets purchase or capital investment) guidelines;
- delegation of authority and segregations of duties; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has appointed Mr M Prior FCA as internal assurance officer. The internal assurance officer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the internal assurance officer reports to the Audit and Finance Committee on the operation of the systems of control. The reviews undertaken in the year did not identify any material control issues arising as a result of the reviewer's work.

The internal assurance officer completed his most recent review in December 2020.

# **KINGS ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2020***

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### **Review of effectiveness**

As accounting officer, the executive principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework;
- the work of the Finance & Audit Committee;
- the work of the internal assurance officer; and
- the work of the external auditors.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 20 January 2021 and signed on its behalf by:

.....  
**L Cooper**  
**Chair of trustees**

.....  
**A Nicholson**  
**Accounting officer**

# KINGS ACADEMY TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

*FOR THE YEAR ENDED 31 AUGUST 2020*

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As accounting officer of Kings Academy Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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

.....  
**A Nicholson**  
**Accounting officer**

Date: 20 January 2021

# KINGS ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

### FOR THE YEAR ENDED 31 AUGUST 2020

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The trustees (who are also the directors of Kings Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from ESFA/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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 20 January 2021 and signed on its behalf by:

.....  
**L Cooper**  
**Chair of trustees**

# KINGS ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGS ACADEMY TRUST

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### **Opinion**

We have audited the accounts of Kings Academy Trust for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

### **Basis for opinion**

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

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

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### **Other information**

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

# KINGS ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGS ACADEMY TRUST (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2020*

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

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

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

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

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# KINGS ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGS ACADEMY TRUST (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### **Use of our report**

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

.....

**John Whittick BSc FCA (Senior Statutory Auditor)**

**for and on behalf of Haines Watts**

**Chartered Accountants**

**Statutory Auditor**

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Date: .....



# KINGS ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGS ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

***FOR THE YEAR ENDED 31 AUGUST 2020***

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In accordance with the terms of our engagement letter dated 7 August 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kings Academy Trust during the period 1 September 2019 to 31 August 2020 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 Kings Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Kings Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Kings Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Kings Academy Trust's funding agreement with the Secretary of State for Education dated 1 May 2012 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

# KINGS ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGS ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

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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.
- 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 board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees 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 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....

**Haines Watts**  
**Reporting Accountant**

Date: .....

# KINGS ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total 2020 £(000)	Total 2019 £(000)
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	3	32	35	93
Charitable activities:						
- Funding for educational operations	3	-	4,362	-	4,362	3,676
Teaching school	25	-	59	-	59	103
Other trading activities	4	31	3	-	34	21
Investments	5	-	-	-	-	1
<b>Total</b>		<u>31</u>	<u>4,427</u>	<u>32</u>	<u>4,490</u>	<u>3,894</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	7	-	4,425	99	4,524	4,066
Teaching school	25	-	54	-	54	82
<b>Total</b>	<b>6</b>	<u>-</u>	<u>4,479</u>	<u>99</u>	<u>4,578</u>	<u>4,148</u>
<b>Net income/(expenditure)</b>		31	(52)	(67)	(88)	(254)
Transfers between funds	15	-	(75)	75	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial losses on defined benefit pension schemes	17	-	(643)	-	(643)	(653)
<b>Net movement in funds</b>		31	(770)	8	(731)	(907)
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>504</u>	<u>(1,239)</u>	<u>378</u>	<u>(357)</u>	<u>550</u>
Total funds carried forward		<u>535</u>	<u>(2,009)</u>	<u>386</u>	<u>(1,088)</u>	<u>(357)</u>

# KINGS ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total 2019 £(000)
<b>Income and endowments from:</b>					
Donations and capital grants	2	-	13	80	93
Charitable activities:					
- Funding for educational operations	3	-	3,676	-	3,676
Teaching school	25		103		103
Other trading activities	4	18	3	-	21
Investments	5	1	-	-	1
<b>Total</b>		<u>19</u>	<u>3,795</u>	<u>80</u>	<u>3,894</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	7	-	3,984	82	4,066
Teaching school	25		82		82
<b>Total</b>	6	<u>-</u>	<u>4,066</u>	<u>82</u>	<u>4,148</u>
<b>Net income/(expenditure)</b>		19	(271)	(2)	(254)
Transfers between funds	15	-	(47)	47	-
<b>Other recognised gains/(losses)</b>					
Actuarial losses on defined benefit pension schemes	17	-	(653)	-	(653)
<b>Net movement in funds</b>		19	(971)	45	(907)
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>485</u>	<u>(268)</u>	<u>333</u>	<u>550</u>
Total funds carried forward		<u>504</u>	<u>(1,239)</u>	<u>378</u>	<u>(357)</u>

# KINGS ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2020

		2020		2019	
	Notes	£(000)	£(000)	£(000)	£(000)
<b>Fixed assets</b>					
Tangible assets	11		386		378
<b>Current assets</b>					
Debtors	12	108		206	
Cash at bank and in hand		1,339		1,001	
		<u>1,447</u>		<u>1,207</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(481)		(397)	
<b>Net current assets</b>			966		810
<b>Net assets excluding pension liability</b>			1,352		1,188
Defined benefit pension scheme liability	17		(2,440)		(1,545)
<b>Total net liabilities</b>			<u>(1,088)</u>		<u>(357)</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	15				
- Fixed asset funds			386		378
- Restricted income funds			431		306
- Pension reserve			(2,440)		(1,545)
<b>Total restricted funds</b>			<u>(1,623)</u>		<u>(861)</u>
<b>Unrestricted income funds</b>	15		535		504
<b>Total funds</b>			<u>(1,088)</u>		<u>(357)</u>

The accounts were approved by the trustees and authorised for issue on 20 January 2020 and are signed on their behalf by:

.....  
**L Cooper**  
Chair of trustees

Company Number 07982516

# KINGS ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

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	Notes	2020 £(000)	2019 £(000)
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	413	135
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		-	1
Capital grants from DfE Group		12	33
Capital funding received from sponsors and others		20	-
Purchase of tangible fixed assets		(107)	(80)
<b>Net cash used in investing activities</b>		<u>(75)</u>	<u>(46)</u>
<b>Net increase in cash and cash equivalents in the reporting period</b>		338	89
Cash and cash equivalents at beginning of the year		<u>1,001</u>	<u>912</u>
<b>Cash and cash equivalents at end of the year</b>		<u><u>1,339</u></u>	<u><u>1,001</u></u>

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies

Kings Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

##### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

##### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

##### 1.3 Income

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

###### Grants 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

###### Donations

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

###### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

---

#### 1 Accounting policies

##### Donated goods, facilities and services

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

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

#### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

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 life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.



# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

---

#### 1 Accounting policies

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

Outdoor equipment	10 years
Fixtures, fittings & equipment	7 years
Motor vehicles	5 years

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 the fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

#### 1.6 Liabilities

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

#### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged on a straight line basis over the period of the lease.

#### 1.8 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.

#### 1.9 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

---

#### 1 Accounting policies

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

##### 1.10 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 and Skills 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 and include grants from the Education and Skills Funding Agency/Department for Education.

##### 1.11 PFI charge

The academy buildings were built under a PFI agreement, as at 31 August 2020 the agreement had a further 10 years to run. The local authority will continue to pay the unitary charge to the PFI provider under the pre-existing PFI contract. In turn, the academy trust will continue to pay the local authority but there may be a shortfall, known as an affordability gap, which fluctuates based on the number of pupils attending the school in any given academic year. The local authority will fund the affordability gap until the contract expires.

##### 1.12 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 24.

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

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

###### Critical accounting estimates and assumptions

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

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

---

#### 1 Accounting policies

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### 2 Donations and capital grants

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2020 £(000)	Total 2019 £(000)
Donated fixed assets	-	-	-	47
Capital grants	-	12	12	33
Other donations	-	23	23	13
	<u>-</u>	<u>35</u>	<u>35</u>	<u>93</u>

#### 3 Funding for the academy trust's educational operations

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2020 £(000)	Total 2019 £(000)
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	2,353	2,353	2,378
Other DfE group grants	-	322	322	164
ITT bursaries grants	-	2	2	24
	<u>-</u>	<u>2,677</u>	<u>2,677</u>	<u>2,566</u>
<b>Other government grants</b>				
Local authority grants	-	1,685	1,685	1,110
	<u>-</u>	<u>1,685</u>	<u>1,685</u>	<u>1,110</u>
<b>Total funding</b>	<u>-</u>	<u>4,362</u>	<u>4,362</u>	<u>3,676</u>

The academy trust received £1,685,000 (2019: £1,110,000) from the local authority in the year being £60,000 (2019 £77,000) out of borough funding, £7,200 (2019: £2,000) pupil premium funding and £1,618,000 (2019: £1,101,000) High Needs funding.

There were no unfulfilled conditions or other contingencies relating to the grants in the year.

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 4 Other trading activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2020 £(000)	Total 2019 £(000)
Parental contributions	-	3	3	3
Sales and charges	31	-	31	18
	<u>31</u>	<u>3</u>	<u>34</u>	<u>21</u>

### 5 Investment income

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2020 £(000)	Total 2019 £(000)
Short term deposits	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

### 6 Expenditure

	Staff costs £(000)	Non-pay expenditure		Total 2020 £(000)	Total 2019 £(000)
		Premises £(000)	Other £(000)		
Academy's educational operations					
- Direct costs	1,933	93	285	2,311	2,085
- Allocated support costs	1,336	692	185	2,213	1,981
- Teaching school	51	-	3	54	82
	<u>3,320</u>	<u>785</u>	<u>473</u>	<u>4,578</u>	<u>4,148</u>

#### Net income/(expenditure) for the year includes:

	2020 £(000)	2019 £(000)
Fees payable to auditor for:		
- Audit	7	7
- Other services	12	6
Operating lease rentals	9	2
Depreciation of tangible fixed assets	99	82
Net interest on defined benefit pension liability	30	21
	<u>157</u>	<u>118</u>

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

<b>7 Charitable activities</b>		<b>2020</b>	<b>2019</b>
		<b>£(000)</b>	<b>£(000)</b>
All from restricted funds:			
<b>Direct costs</b>			
Educational operations		2,311	2,085
<b>Support costs</b>			
Educational operations		2,213	1,981
		<u>          </u>	<u>          </u>
		<b>4,524</b>	<b>4,066</b>
		<u>          </u>	<u>          </u>
<b>Analysis of costs</b>		<b>2020</b>	<b>2019</b>
		<b>£(000)</b>	<b>£(000)</b>
<b>Direct costs</b>			
Teaching and educational support staff costs		1,933	1,692
Staff development		20	2
Depreciation		93	77
Technology costs		20	35
Educational supplies and services		215	205
Examination fees		12	12
Other direct costs		18	62
		<u>          </u>	<u>          </u>
		<b>2,311</b>	<b>2,085</b>
		<u>          </u>	<u>          </u>
<b>Support costs</b>			
Support staff costs		1,337	1,112
Depreciation		6	5
Technology costs		3	9
Recruitment and support		6	18
Maintenance of premises and equipment		69	109
Cleaning		4	2
Energy costs		9	3
Rent, rates and other occupancy costs		598	556
Insurance		6	7
Security and transport		29	40
Net interest on defined benefit pension scheme		30	21
Legal costs		10	35
Other support costs		87	55
Governance costs		19	9
		<u>          </u>	<u>          </u>
		<b>2,213</b>	<b>1,981</b>
		<u>          </u>	<u>          </u>

Included within rent, rates and other occupancy costs is £515,110 (2019: £518,892) in relation to the cost of the PFI building.

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 8 Staff

#### Staff costs

Staff costs during the year were:

	2020 £(000)	2019 £(000)
Wages and salaries	2,313	2,013
Social security costs	211	187
Pension costs	694	509
	<u>          </u>	<u>          </u>
Staff costs - employees	3,218	2,709
Agency staff costs	102	164
Staff restructuring costs	-	9
	<u>          </u>	<u>          </u>
Staff development and other staff costs	3,320	2,882
	21	2
	<u>          </u>	<u>          </u>
Total staff expenditure	<u>3,341</u>	<u>2,884</u>

Staff restructuring costs comprise:

Severance payments	-	9
	<u>          </u>	<u>          </u>

#### Staff numbers

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

	2020 Number	2019 Number
Teachers	23	25
Administration and support	59	47
Management	8	9
	<u>          </u>	<u>          </u>
	90	81
	<u>          </u>	<u>          </u>

#### Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	1	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	<u>          </u>	<u>          </u>

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### **8 Staff**

#### **Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £572,942 (2019: £567,174).

### **9 Trustees' remuneration and expenses**

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 services as trustees. There were no staff trustees in the academy during the year and therefore no payments were made for their roles under employment.

The value of trustees' remuneration and other benefits was as follows:

A Nicholson (Principal and trustee - resigned as trustee 19 December 2018)

Remuneration: £nil (2019: £35,001 - 40,000)

Employer's pension contributions: £nil (2019: £5,001 - £10,000)

During the period ended 31 August 2020, travel and subsistence expenses were reimbursed or paid directly to trustees totalling £nil (2019: £154). These costs were purely in relation to their position as an employee of the academy and not in relation to their duties as a trustee.

Other related party transactions involving the trustees are set out in note 20.

### **10 Insurance for trustees and officers**

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers' indemnity element from the overall cost of the RPA scheme.

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 11 Tangible fixed assets

	Outdoor equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£(000)	£(000)	£(000)	£(000)
<b>Cost</b>				
At 1 September 2019	93	407	117	617
Additions	68	39	-	107
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 31 August 2020	161	446	117	724
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Depreciation</b>				
At 1 September 2019	34	172	33	239
Charge for the year	14	61	24	99
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 31 August 2020	48	233	57	338
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Net book value</b>				
At 31 August 2020	113	213	60	386
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 31 August 2019	59	235	84	378
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

The academy buildings are provided on a PFI contract which at 31 August 2020 had a further 10 years to run. The land and buildings are owned by Salford City Council.

### 12 Debtors

	2020 £(000)	2019 £(000)
Trade debtors	27	-
VAT recoverable	18	140
Prepayments and accrued income	63	66
	<u>        </u>	<u>        </u>
	108	206
	<u>        </u>	<u>        </u>

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

	2020 £(000)	2019 £(000)
Trade creditors	105	75
Other taxation and social security	103	-
Other creditors	7	-
Accruals and deferred income	266	322
	<u>        </u>	<u>        </u>
	481	397
	<u>        </u>	<u>        </u>



# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 14 Deferred income

	2020 £(000)	2019 £(000)
Deferred income is included within:		
Creditors due within one year	-	3
	<u>          </u>	<u>          </u>
Deferred income at 1 September 2019	3	2
Released from previous years	(3)	(2)
Resources deferred in the year	-	3
	<u>          </u>	<u>          </u>
<b>Deferred income at 31 August 2020</b>	<u>          </u>	<u>          </u>

#### 15 Funds

	Balance at 1 September 2019 £(000)	Income £(000)	Expenditure £(000)	Gains, losses and transfers £(000)	Balance at 31 August 2020 £(000)
<b>Restricted general funds</b>					
General Annual Grant (GAG)	306	2,353	(2,153)	(75)	431
Other DfE / ESFA grants	-	383	(383)	-	-
Other government grants	-	1,685	(1,685)	-	-
Other restricted funds	-	6	(6)	-	-
Pension reserve	(1,545)	-	(252)	(643)	(2,440)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	(1,239)	4,427	(4,479)	(718)	(2,009)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	51	12	(6)	-	57
Capital expenditure from GAG	131	-	(34)	75	172
Other capital donations	22	20	(11)	-	31
Donated assets	42	-	(21)	-	21
Expenditure from unrestricted funds	132	-	(27)	-	105
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	378	32	(99)	75	386
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total restricted funds</b>	(861)	4,459	(4,578)	(643)	(1,623)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Unrestricted funds</b>					
General funds	504	31	-	-	535
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds</b>	(357)	4,490	(4,578)	(643)	(1,088)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 15 Funds

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objectives of the academy.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objects of the academy.

Unrestricted funds are those which the board of trustees may use in the pursuance of the academy's objectives and are the discretion of the trustees.

The transfer of £75,000 from General Annual Grant to Capital Expenditure from GAG is to cover the additions not covered by capital grants in the year.

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 2020.

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2018 £(000)	Income £(000)	Expenditure £(000)	Gains, losses and transfers £(000)	Balance at 31 August 2019 £(000)
<b>Restricted general funds</b>					
General Annual Grant (GAG)	414	2,378	(2,439)	(47)	306
Other DfE / ESFA grants	19	291	(310)	-	-
Other government grants	-	1,110	(1,110)	-	-
Other restricted funds	-	16	(16)	-	-
Pension reserve	(701)	-	(191)	(653)	(1,545)
	<u>(268)</u>	<u>3,795</u>	<u>(4,066)</u>	<u>(700)</u>	<u>(1,239)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	23	33	(5)	-	51
Capital expenditure from GAG	110	-	(26)	47	131
Other capital donations	31	-	(9)	-	22
Donated assets	8	47	(13)	-	42
Expenditure from unrestricted funds	161	-	(29)	-	132
	<u>333</u>	<u>80</u>	<u>(82)</u>	<u>47</u>	<u>378</u>
<b>Total restricted funds</b>	<u>65</u>	<u>3,875</u>	<u>(4,148)</u>	<u>(653)</u>	<u>(861)</u>
<b>Unrestricted funds</b>					
General funds	485	19	-	-	504
	<u>485</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>504</u>
<b>Total funds</b>	<u>550</u>	<u>3,894</u>	<u>(4,148)</u>	<u>(653)</u>	<u>(357)</u>

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 16 Analysis of net assets between funds

	Unrestricted Funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total Funds £(000)
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	386	386
Current assets	1,016	431	-	1,447
Creditors falling due within one year	(481)	-	-	(481)
Defined benefit pension liability	-	(2,440)	-	(2,440)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total net assets</b>	<b>535</b>	<b>(2,009)</b>	<b>386</b>	<b>(1,088)</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

	Unrestricted Funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total Funds £(000)
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	378	378
Current assets	901	306	-	1,207
Creditors falling due within one year	(397)	-	-	(397)
Defined benefit pension liability	-	(1,545)	-	(1,545)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total net assets</b>	<b>504</b>	<b>(1,239)</b>	<b>378</b>	<b>(357)</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 17 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £54,000 were payable to the schemes at 31 August 2020 (2019: £nil) and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 17 Pension and similar obligations

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The pension costs paid to the TPS in the period amounted to £283,000 (2019: £173,000).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % for employees.

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

<b>Total contributions made</b>	<b>2020</b>	<b>2019</b>
	<b>£(000)</b>	<b>£(000)</b>
Employer's contributions	189	163
Employees' contributions	54	47
	<hr/>	<hr/>
Total contributions	243	210
	<hr/>	<hr/>

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 17 Pension and similar obligations

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.0	3.1
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.8

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

	2020 Years	2019 Years
Retiring today		
- Males	20.5	20.6
- Females	23.1	23.1
Retiring in 20 years		
- Males	22.0	22
- Females	25.0	24.8

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are as set out below:

Changes in assumptions at 31 August 2020	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	12%	781
0.5% increase in the Pension Increase Rate	11%	65
0.5% increase in the Salary Increase Rate	1%	703

The academy trust's share of the assets in the scheme	2020 Fair value £(000)	2019 Fair value £(000)
Equities	2,808	2,742
Bonds	660	605
Property	289	323
Other assets	373	362
Total market value of assets	4,130	4,032

The actual return on scheme assets was £(60,000) (2019: £181,000).

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 17 Pension and similar obligations

<b>Amount recognised in the Statement of Financial Activities</b>	<b>2020 £(000)</b>	<b>2019 £(000)</b>
Current service cost	411	287
Past service cost	-	46
Interest income	(74)	(106)
Interest cost	104	127
	<u>          </u>	<u>          </u>
Total operating charge	<u>441</u>	<u>354</u>
<b>Changes in the present value of defined benefit obligations</b>	<b>2020 £(000)</b>	<b>2019 £(000)</b>
At 1 September 2019	5,577	4,410
Current service cost	411	287
Interest cost	104	127
Employee contributions	54	47
Actuarial loss	509	728
Benefits paid	(85)	(68)
Past service cost	-	46
	<u>          </u>	<u>          </u>
At 31 August 2020	<u>6,570</u>	<u>5,577</u>
<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2020 £(000)</b>	<b>2019 £(000)</b>
At 1 September 2019	4,032	3,709
Interest income	74	106
Actuarial loss/(gain)	(134)	75
Employer contributions	189	163
Employee contributions	54	47
Benefits paid	(85)	(68)
	<u>          </u>	<u>          </u>
At 31 August 2020	<u>4,130</u>	<u>4,032</u>

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

<b>18 Reconciliation of net expenditure to net cash flow from operating activities</b>	<b>2020</b>	<b>2019</b>
	<b>£(000)</b>	<b>£(000)</b>
Net expenditure for the reporting period (as per the statement of financial activities)	(88)	(254)
Adjusted for:		
Capital grants from DfE and other capital income	(32)	(80)
Investment income receivable	-	(1)
Defined benefit pension costs less contributions payable	222	170
Defined benefit pension scheme finance cost	30	21
Depreciation of tangible fixed assets	99	82
Decrease/(increase) in debtors	98	(105)
Increase in creditors	84	302
<b>Net cash provided by operating activities</b>	<b>413</b>	<b>135</b>

<b>19 Analysis of changes in net funds</b>	<b>1 September</b>	<b>Cash flows</b>	<b>31 August</b>
	<b>2019</b>	<b>£(000)</b>	<b>2020</b>
	<b>£(000)</b>	<b>£(000)</b>	<b>£(000)</b>
Cash	1,001	338	1,339

### 20 Commitments under operating leases

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2020</b>	<b>2019</b>
	<b>£(000)</b>	<b>£(000)</b>
Amounts due within one year	54	69
Amounts due in two and five years	26	70
	<b>80</b>	<b>139</b>

The academy buildings are provided on a PFI contract which at 31 August 2020 had a further 10 years to run. No financial commitment has been included for this contract in the above note because of a shortfall in available information to calculate the cost over the life of the contract. The basic annual payment and affordability gap paid for the 12 months to 31 August 2020 was £515,000 (2019: £519,000) and the cost for period 1 September 2020 to 31 March 2021 is expected to be £299,400.

# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 21 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period:

A Nicholson, accounting officer for the trust is employed by the academy trust as head teacher. A Nicholson is employed under normal employment conditions and no favourable terms are given.

J Cooper, daughter of L Cooper, a trustee, is employed by the academy trust as a teaching assistant. J Cooper's appointment was made in open competition and L Cooper was not involved in the decision-making process regarding appointment.

V Collinson, daughter of J Collinson, a trustee, is employed by the academy trust as an administrative assistant. V Collinson's appointment was made in open competition and J Collinson was not involved in the decision-making process regarding appointment.

L Southwood, sister of J Mullineux, a trustee, is employed by the academy trust as a headteacher. L Southwood's appointment was made prior to J Mullineux's appointment as a trustee.

All employees noted above are employed under normal employment conditions and no favourable terms are given.

During the period the trust paid £600 to CHN Consultancy, an entity run by C Harrison (member). At the year end no amount was owed by the trust. In entering into the transaction, the academy has complied with the requirements of the Academies Financial Handbook 2019.

#### 22 Post balance sheet events

On 1 November 2020 Kassia Academy and Support Services joined the trust.

The application for Free Schools was granted post year-end, this is expected to open in 2023.

#### 23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

#### 24 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £5,235 (2019: £4,935) and disbursed £1,159 (2019: £3,774) from the fund. An amount of £6,905 (2019: £3,091) is included in creditors relating to undistributed funds that is repayable to ESFA.



# KINGS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 25 Teaching school trading account

	2020		2019	
	£(000)	£(000)	£(000)	£(000)
<b>Income</b>		59		103
<b>Expenditure</b>				
- Direct staff costs	48		66	
- Other direct costs	3		4	
	<u>          </u>		<u>          </u>	
		(51)		(70)
Support staff costs	3		12	
	<u>          </u>		<u>          </u>	
		(3)		(12)
		<u>          </u>		<u>          </u>
		5		21
		<u>          </u>		<u>          </u>