

Company Registration No. 07982516 (England and Wales)

KINGS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

Trustees

L Cooper (Chair of Trustees)
Cllr J Collinson
S W Balme
J Owen (Appointed 23 January 2019)
J Hughes (Appointed 23 January 2019)
M Burgin
J Mullineux (Appointed 23 January 2019)
T McKenzie (Resigned 15 December 2019)
A D M Nicholson (Resigned 19 December 2019)

Members

L Cooper
J Bond (Appointed 7 November 2018)
S Wild
P King
C Harrison

Senior management team

- Executive Principal/CEO/Accounting Officer	A Nicholson
- Associate Head Teacher	L Southwood
- Assistant Head	A Stobart
- Directors of Teaching and Learning	R Smith & D Jones
- School Business Manager	A Rose
- Director of Inclusion	D Donnelly
- Finance Director	S Rocca (Resigned 27 October 2019)
- Head of School	T Marsden (Resigned December 2018)

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 2019

The trustees present their report with the financial statements of the charitable company for the year ended 31 August 2019. 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

The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and all are trustees for the purposes of charity legislation. The charitable company formerly known as The Oakwood Academy Schools Trust – changed the name to Kings Academy Trust 15 November 2017.

The trustees who were in office at 31 August 2019 and served during the period are listed on page 1.

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.

KINGS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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. 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 2018/19 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.

KINGS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives, strategies and activities

The academy trust's objective for the year ended 31 August 2019 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 2018 to 31 August 2019. 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 2019 was 81.

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

Our Ofsted Inspection carried out in November 2017 again received the official rating of OUTSTANDING. This inspection was carried out over two days and followed the revised and much tougher Ofsted inspection criteria 2013. The inspection included the review of the Post 16 and the primary areas which had not been included in the previous inspections.

Our inspection judgements were:

▪ Effectiveness of leadership and management	Outstanding
▪ Quality of teaching, learning and assessment	Outstanding
▪ Personal development, behaviour and welfare	Outstanding
▪ Outcomes for pupils	Outstanding
▪ 16 to 19 study programmes	Outstanding

An outstanding academy is highly effective in delivering outcomes that provide exceptionally well for all its pupils' needs. This ensures that pupils are very well equipped for the next stage of their education, training or employment.

We are proud of our staff and students' achievements and we continue to make year on year improvements in every aspect of our work. This is specifically remarked upon within the Ofsted report.

Pupils continue to make excellent progress from their starting points and 100% of pupils leave the academy with a wide range of qualifications.

The quality of teaching and learning remains strong at Oakwood Academy and Safeguarding is effective.

As a National Teaching School (March 2014) during our first year, we recruited 9 School Direct trainee teachers who began working at Oakwood and our alliance schools in September 2017. This is essential if we are to develop a succession plan for recruiting and retaining high quality teachers for the future.

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.

KINGS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The academy is now in the fourth year of the Post 16 provision and has successfully extended the age range of the academy from 11-18 years to 9-19 years, plus it has successfully implemented the supported internships programme which is providing our students with a credible pathway to long term employment.

Entry Level (KS4) Results

	Entry Level 3	Entry Level 2	Entry Level 1
2012	4	37	21
2013	19	50	56
2014	52	59	64
2015	50	97	60
2016	104	130	64
2017	62	50	26
2018	84	55	23
2019	14	67	56

The variance in uniqueness and complexity of pupil needs from cohort to cohort can be seen in the fluctuations from last year's results with pupils achieving qualifications commensurate with their abilities. The range of abilities across 2019 cohort of pupils showed greater polarisation than the previous year with a greater number of pupils accessing both higher and lower ability qualifications. This can be evidenced in the achievements of pupils gaining 22 level 1 / 2 qualifications up from 8 in the previous year. Similar to this Entry level 1 achievements increased from 23 in the previous year to 56.

Level 1 & 2 English & Mathematics (KS4) Results

	English Level 1	English Level 2	Maths Level 1	Maths Level 2
2017	1	0	1	0
2018	8	0	6	0
2019	19	3	4	1

GCSE (KS4) Results

	B/6	C/4&5	D/3	E/2	F/1	G/1
2013	1	17	61	44	25	9
2014	3	2	13	28	26	8
2015	0	3	23	33	25	7
2016	0	14	23	29	32	16
2017	0	0	7	22	17	7
2018	0	3	5	14	17	0
2019	0	2	6	25	8	0

	2013	2014	2015	2016	2017	2018	2019
Attendance:	94.4%	93%	93%	93%	93%	99%	99%

KINGS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators (KPI)

KPI shows that the academy trust makes outstanding provision for its pupils. Pupil progress data shows that all groups make exceptional progress and none are disadvantaged. Overall attainment means that 100% of pupils leave the academy with a qualification in every subject ranging from entry level to GCSE. Attendance is consistently outstanding and exclusion figures have reduced over the last two years to zero.

Attendance levels are regularly at, or above 99% (including authorised absences).

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

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.

Financial review

The trust's financial position for the year to 31 August 2019 demonstrates total income of £3,894,000. This income received and the associated expenditure are shown as restricted funds in the statement of financial activities.

An operational deficit of £61,000 (excluding restricted fixed asset funds and movement on the pension reserve) was declared for the year ended 31 August 2019. This resulted from a planned spend of reserves to develop the Silver Street ASD enhanced resource as per last year's report.

At 31 August 2019, the net book value of tangible fixed assets was £378,000 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.

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 £191,000, 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 2019 the academy trust held restricted general funds (excluding pension reserve) of £306,000, plus unrestricted reserves of £504,000.

Additionally, the trust held restricted fixed asset reserves of £378,000, 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 2019 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 further development of the Post 16 site and a purpose built gym for the pupils at the Oakwood site.

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.

KINGS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

Kings Academy Trust has adopted a risk management policy and a risk register and risk review process. The risk register is monitored on a regular basis and findings presented to the Finance and Audit committee. 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 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 2019. Future contribution rates are adjusted so as to reduce this deficit.

Fundraising

The academy approaches fundraising through its fairly newly formed Friends of Oakwood group. This is in its second year and has been very successful in lifting parental engagement across the whole school. We now have 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 2018-19 period.

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.

Plans for future periods

Kings Academy Trust became a multi academy trust in July 2015 and a sponsor academy in July 2018. Over the next academic year, we are looking to successfully bring at least one other school into Kings Academy Trust. We have applied for two Free School applications. This is to strengthen our ability as a MAT to support other schools. The teaching school has also been successfully moved forward with a strong alliance with a cross phase of schools so that we are well placed to develop system leadership within the special sector and primary sector as well.

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.

KINGS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

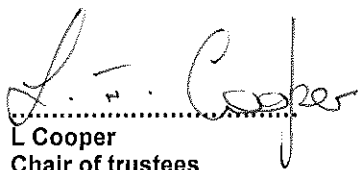
Auditors

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 11 December 2019 and signed on the board's behalf by:



.....
L Cooper
Chair of trustees

KINGS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

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 four 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	2	4
J Collinson	4	4
S Balme	4	4
M Burgin	2	4
J Mullineux	2	3
J Owen	3	3
J Hughes	3	4
A Nicholson	1	1
T McKenzie	0	1

Governance review

The board undertakes an annual self-evaluation and skills review.

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	5	6
Cllr J Collinson	6	6
A Nicholson	5	6
S Balme	5	6

Review of value for money

As accounting officer, the executive principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available.

KINGS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 renewal of all staff ICT equipment to ensure that the effective delivery of education.
- Successful implementation of educational software to enhance the delivery of the literacy curriculum across the whole school.
- Further review of teaching assistants across the academy to ensure effective deployment to strengthen the provision of teaching and pupil support and to enable professional development by providing opportunities to access further qualifications by the support staff.
- 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 ongoing recruitment across the academy.

The academy trust is committed to:-

Raising student attainment – This is demonstrated by the recent exam outcomes over last few years despite GCSEs and some other qualifications becoming increasingly inaccessible for many of our pupils. Kings Academy Trust has consistently been one of the top achievers when compared to similar schools nationally.

Extract from Ofsted report November 2017: *'The curriculum provides a wide range of learning opportunities for pupils that are engaging, challenging and suited to their individual needs. Leaders recognise the importance of developing pupils' skills for life. Leaders make sure that teachers plan activities to enable pupils to become more independent learners'*.

The academy trust has developed and has fully embedded tracking systems for individual students and groups that monitor progress from KS2 through to Post-16. As a result, the academy trust has evidence that pupils compare with national expectations and are making rapid and sustained progress over time.

Extract from Ofsted report November 2017: *'The exceptional leadership of the sixth form has ensured that students access a broad and creative curriculum, relevant to their needs. Students participate in accredited courses and projects based in retail, cookery and iMedia, generating funds to allow them to pursue further enterprising projects'*.

The academy trust also tracks attendance and behaviour of all pupils and attendance is regularly at 99%, which is exceptional, especially given the fact that as a special school, we have many children with chronic health conditions who require significant numbers of medical appointments. The recent Ofsted report noted that both behaviour and attendance were outstanding. Full details are available on our academy trust's website.

With regards to the use of Pupil Premium, the academy trust demonstrates the clear impact of the funding on our pupils' achievements through a varied range of interventions. The gap is now minimal between PP and NPP pupils and in some cases the PP pupils are achieving above their NPP peers. This has been achieved through directed 1:1 support; provision of a Speech and Language Therapist dedicated to the school to enable purposeful interventions on a regular, weekly basis; through Summer and Easter Schools, educational trips, and access to extended school provision via after school sports clubs. Achievement has also been made in the further development of parental engagement to break down barriers and in doing so, develop the support for the pupils.

Robust governance and oversight of academy trust finances – The academy trust benefits from robust financial management due to the high calibre of governors with relevant expertise and professionalism. The trustees of the Audit and Finance Committee are fully aware of their roles and responsibilities and ensure that the academy is managed effectively to support the long term vision of the academy trust.

Ensuring value for money is embedded into the culture of the academy trust – all relevant resources are checked against the economic, effective and efficiency values to ensure the objectives of the School Development plan are met. A Curriculum Committee meets on a termly basis to confirm how and where these values have been met against pupil attainment and progress. This is ongoing with all findings reported back to the Audit and Finance Committee to ensure close and rigorous monitoring of all public funds spending.

KINGS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees of the academy trust are mindful of the high proportion of staffing due to the level of support needed to successfully and fully support all our pupils. The staffing costs dominate a significant part of the whole budget. The trustees are therefore aware that the staffing has to be effective in the deployment of both teaching and support staff to achieve the continued outstanding provision of teaching and learning. The staffing structure has been reviewed and revised and fully supports these objectives with a skills audit for all teaching assistants carried out prior to the new year to ensure all deployment is effective. The audit also helps to identify where succession planning is needed and seek capacity by upskilling from within and seeking external appointments to ensure that the staffing is fit for purpose as part of the academy trust's long term strategic vision.

The academy trust benefits from the provision of a suitably qualified internal review officer who provides an independent opinion of the financial management of the academy as required via the Academies Financial Handbook. Meetings are held once a term and a programme of works is defined at the onset to enable all areas of school finance to be covered during the year. The report is submitted to the Audit and Finance Committee by the internal assurance officer. To date the reviews have shown no significant recommendations with overall high assurance in all areas.

The full board of trustees approves the budget each year and is mindful of the need to balance expenditure against income to ensure the academy trust remains a going concern. The board of trustees receives and approves all annual accounts as presented by the external auditor.

The financial director meets with the executive principal and SLT on a weekly basis; provides monthly financial reports to the head and chair and these are presented to the Audit and Finance Committee; the finance director meets on a monthly basis with the chair to report on all aspects of financial management. The reports include all information on all significant variances, funding, payroll and specific funding streams such as pupil premium. As trustees are responsible for Pupil Premium, the chair is fully aware of all areas of spend and the direct impact such intervention has had on pupils.

All directors and trustees plus all members of the SLT are required to complete a Conflict of Interest policy which includes a declaration of pecuniary interests. The opportunity to declare any pecuniary interests is also provided as a standing item at every committee meeting.

Assessing value for money

Kings Academy Trust achieves value for money through the nurturing of a culture of accountability for all resources purchased. As noted above, all indicative spend has to be linked to an action plan which has been based on the school development objectives. External funding is sourced where possible to access outside monies and this is an ongoing objective. During the past year we have secured funding for the provision of another minibus to enhance our offsite provision whilst driving costs down through reduction of need to use third party transport.

Maximising income generation

The academy trust explores every opportunity to generate income through provision of support to schools both via the Local Authority Secondary Provider Arm and independently to the wider community. The finance director also provides financial support to out of borough schools that previously used alternative providers.

Reviewing controls and managing risks

Monthly budget monitoring reports are produced and reviewed by the finance director. The finance director and head meet for a regular weekly meeting to discuss any actions needed to be taken. There are further meetings held with the SMT to ensure that all senior staff are aware of the key areas within the budget. The academy trust ensures that all surplus balances are identified and invested in interest bearing accounts to maximise earning potential.

The risk register is reviewed on a termly basis by the chair and finance director and is overseen by the internal assurance officer. All policies are reviewed on an annual basis and revised to keep abreast of the changing requirements. The safeguarding policy is extensive with the vice chair being the responsible trustee to ensure this is being upheld. Safeguarding is a standing item on each and every committee agenda.

KINGS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy'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 2019 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 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Risk management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy trust. The trustees have implemented a number of systems to assess risks that the academy trust faces, especially in the operational areas (eg in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (eg vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

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 board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal assurance officer completed his most recent review in November 2019 and will complete the next one in March 2020.

KINGS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019


Review of effectiveness

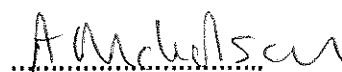
As accounting officer, the executive principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 11 December 2019 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 2019

As accounting officer of Kings Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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 2018.

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: 11 December 2019

KINGS ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

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 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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:

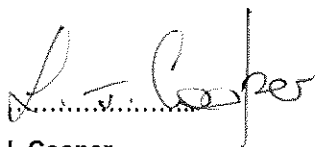
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 11 December 2019 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 2019

Opinion

We have audited the accounts of Kings Academy Trust (previously known as Oakwood Academy Schools Trust) for the year ended 31 August 2019 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 2019 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 2015 and the Academies Accounts Direction 2018 to 2019.

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 2019

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 have 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.

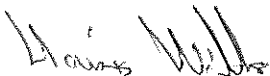
KINGS ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

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: *11/08/19*

KINGS ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 7 August 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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 FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 2018 to 31 August 2019 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

Dated: *11/08/19*.....

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 2019

	Notes	Unrestricted Funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total 2019 £(000)	Total 2018 £(000)
Income and endowments from:						
Donations and capital grants	2	-	13	80	93	31
Charitable activities:						
- Funding for educational operations	3	-	3,676	-	3,676	3,555
- Teaching schools	23	-	103	-	103	81
Other trading activities	4	18	3	-	21	18
Investments	5	1	-	-	1	1
Total		<u>19</u>	<u>3,795</u>	<u>80</u>	<u>3,894</u>	<u>3,686</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	-	3,984	82	4,066	3,759
- Teaching schools	23	-	82	-	82	81
Total	6	<u>-</u>	<u>4,066</u>	<u>82</u>	<u>4,148</u>	<u>3,840</u>
Net income/(expenditure)		19	(271)	(2)	(254)	(154)
Transfers between funds	15	-	(47)	47	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	17	-	(653)	-	(653)	392
Net movement in funds		19	(971)	45	(907)	238
Reconciliation of funds						
Total funds brought forward		<u>485</u>	<u>(268)</u>	<u>333</u>	<u>550</u>	<u>312</u>
Total funds carried forward		<u>504</u>	<u>(1,239)</u>	<u>378</u>	<u>(357)</u>	<u>550</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 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total 2018 £(000)
Income and endowments from:					
Donations and capital grants	2	-	12	19	31
Charitable activities:					
- Funding for educational operations	3	-	3,555	-	3,555
- Teaching schools	23	-	81	-	81
Other trading activities	4	12	6	-	18
Investments	5	1	-	-	1
Total		<u>13</u>	<u>3,654</u>	<u>19</u>	<u>3,686</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	-	3,692	67	3,759
- Teaching schools	23	-	81	-	81
Total	6	<u>-</u>	<u>3,773</u>	<u>67</u>	<u>3,840</u>
Net income/(expenditure)		13	(119)	(48)	(154)
Transfers between funds	15	-	3	(3)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	17	-	392	-	392
Net movement in funds		13	276	(51)	238
Reconciliation of funds					
Total funds brought forward		<u>472</u>	<u>(544)</u>	<u>384</u>	<u>312</u>
Total funds carried forward		<u>485</u>	<u>(268)</u>	<u>333</u>	<u>550</u>

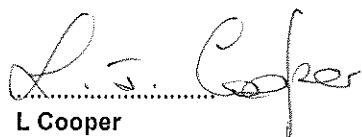
KINGS ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

		2019		2018	
	Notes	£(000)	£(000)	£(000)	£(000)
Fixed assets					
Tangible assets	11		378		333
Current assets					
Debtors	12	206		101	
Cash at bank and in hand		1,001		912	
		<u>1,207</u>		<u>1,013</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	(397)		(95)	
Net current assets			<u>810</u>		<u>918</u>
Net assets excluding pension liability			1,188		1,251
Defined benefit pension scheme liability	17		(1,545)		(701)
Total net (liabilities)/assets			<u>(357)</u>		<u>550</u>
Funds of the academy trust:					
Restricted funds	15				
- Fixed asset funds			378		333
- Restricted income funds			306		433
- Pension reserve			(1,545)		(701)
Total restricted funds			<u>(861)</u>		<u>65</u>
Unrestricted income funds	15		<u>504</u>		<u>485</u>
Total funds			<u>(357)</u>		<u>550</u>

The accounts were approved by the trustees and authorised for issue on 11 December 2019 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 2019

	Notes	2019 £(000)	2018 £(000)	2018 £(000)
Cash flows from operating activities				
Net cash provided by/(used in) operating activities	18		135	(310)
Cash flows from investing activities				
Dividends, interest and rents from investments		1	1	
Capital grants from DfE Group		33	10	
Purchase of tangible fixed assets		(80)	(6)	
Net cash (used in)/provided by investing activities			(46)	5
Net increase/(decrease) in cash and cash equivalents in the reporting period			89	(305)
Cash and cash equivalents at beginning of the year			912	1,217
Cash and cash equivalents at end of the year			<u>1,001</u>	<u>912</u>

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kings Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 2019

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 2019

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 so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 2019

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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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 2019 the agreement had a further 11 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 22.

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 2019

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 2019. 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 2019 £(000)	Total 2018 £(000)
Donated fixed assets	-	47	47	9
Capital grants	-	33	33	10
Other donations	-	13	13	12
	<u>-</u>	<u>93</u>	<u>93</u>	<u>31</u>

3 Funding for the academy trust's educational operations

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2019 £(000)	Total 2018 £(000)
DfE / ESFA grants				
General annual grant (GAG)	-	2,378	2,378	2,417
Other DfE group grants	-	164	164	127
ITT bursaries grants	-	24	24	13
	<u>-</u>	<u>2,566</u>	<u>2,566</u>	<u>2,557</u>
Other government grants				
Local authority grants	-	1,110	1,110	998
	<u>-</u>	<u>1,110</u>	<u>1,110</u>	<u>998</u>
Total funding	<u>-</u>	<u>3,676</u>	<u>3,676</u>	<u>3,555</u>

The academy trust received £1,110,000 (2018 £998,000) from the local authority in the year being £nil (2018 £12,000) out of borough funding, £9,000 (2018 £2,000) pupil premium funding and £1,101,000 (2018 £984,000) 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 2019

4 Other trading activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2019 £(000)	Total 2018 £(000)
Parental contributions	-	3	3	6
Sales and charges	18	-	18	12
	<u>18</u>	<u>3</u>	<u>21</u>	<u>18</u>

5 Investment income

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2019 £(000)	Total 2018 £(000)
Short term deposits	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

6 Expenditure

	Staff costs £(000)	Non Pay Expenditure Premises £(000)	Other £(000)	Total 2019 £(000)	Total 2018 £(000)
Academy's educational operations					
- Direct costs	1,692	77	316	2,085	1,973
- Allocated support costs	1,112	682	187	1,981	1,786
- Teaching school	78	-	4	82	81
	<u>2,882</u>	<u>759</u>	<u>507</u>	<u>4,148</u>	<u>3,840</u>

Net income/(expenditure) for the year includes:

	2019 £(000)	2018 £(000)
Fees payable to auditor for:		
- Audit	7	7
- Other services	6	4
Operating lease rentals	2	8
Depreciation of tangible fixed assets	82	67
Net interest on defined benefit pension liability	21	25
	<u>118</u>	<u>111</u>

7 Charitable activities

	2019 £(000)	2018 £(000)
All from restricted funds:		
Direct costs		
Educational operations	2,085	1,973
Support costs		
Educational operations	1,981	1,786
	<u>4,066</u>	<u>3,759</u>

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Charitable activities

Analysis of costs	2019 £(000)	2018 £(000)
Direct costs		
Teaching and educational support staff costs	1,692	1,630
Staff development	2	38
Depreciation	77	63
Technology costs	35	14
Educational supplies and services	205	179
Examination fees	12	16
Other direct costs	62	33
	<u>2,085</u>	<u>1,973</u>
Support costs		
Support staff costs	1,112	1,069
Depreciation	5	4
Technology costs	9	1
Recruitment and support	18	8
Maintenance of premises and equipment	109	19
Cleaning	2	-
Energy costs	3	-
Rent, rates and other occupancy costs	556	524
Insurance	7	7
Security and transport	40	43
Net interest on defined benefit pension scheme	21	25
Other support costs	55	48
Governance costs	44	38
	<u>1,981</u>	<u>1,786</u>

Included within rent, rates and other occupancy costs is £518,892 (2018: £523,959) in relation to the cost of the PFI building.

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Staff

Staff costs

Staff costs during the year were:

	2019 £(000)	2018 £(000)
Wages and salaries	2,013	1,990
Social security costs	187	185
Pension costs	509	489
	<u> </u>	<u> </u>
Amounts paid to employees	2,709	2,664
Agency staff costs	164	103
Staff restructuring costs	9	6
	<u> </u>	<u> </u>
Amounts paid to staff	2,882	2,773
Staff development and other staff costs	2	41
	<u> </u>	<u> </u>
Total staff expenditure	<u>2,884</u>	<u>2,814</u>

Staff restructuring costs comprise:

Redundancy payments	-	6
Severance payments	9	-
	<u> </u>	<u> </u>
	9	6
	<u> </u>	<u> </u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £8,628 (2018: £nil). There was one payment of £8,628.

Staff numbers

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

	2019 Number	2018 Number
Teachers	25	21
Administration and support	47	53
Management	9	7
	<u> </u>	<u> </u>
	81	81
	<u> </u>	<u> </u>

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Staff

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	-	1
£100,001 - £110,000	1	1
	<u> </u>	<u> </u>

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 £567,174 (2018: £489,025).

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. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

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

A Nicholson (Principal and trustee - resigned as trustee 19 December 2018)
Remuneration £35,001 - £40,000 (2018: £105,001 - £110,000)
Employer's pension contributions £5,001 - £10,000 (2018: £15,001 - £20,000)

During the period ended 31 August 2019, travel and subsistence expenses were reimbursed or paid directly to trustees totalling £154 (2018: £1,098). 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 Trustees and officers insurance

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 2019

11 Tangible fixed assets	Outdoor equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£(000)	£(000)	£(000)	£(000)
Cost				
At 1 September 2018	93	360	37	490
Additions	-	47	80	127
	<u>93</u>	<u>407</u>	<u>117</u>	<u>617</u>
At 31 August 2019	93	407	117	617
Depreciation				
At 1 September 2018	25	117	15	157
Charge for the year	9	55	18	82
	<u>34</u>	<u>172</u>	<u>33</u>	<u>239</u>
At 31 August 2019	34	172	33	239
Net book value				
At 31 August 2019	<u>59</u>	<u>235</u>	<u>84</u>	<u>378</u>
At 31 August 2018	<u>68</u>	<u>243</u>	<u>22</u>	<u>333</u>

The academy buildings are provided on a PFI contract which at 31 August 2019 had a further 11 years to run. The land and buildings are owned by Salford City Council.

12 Debtors	2019 £(000)	2018 £(000)
VAT recoverable	140	64
Other debtors	-	2
Prepayments and accrued income	66	35
	<u>206</u>	<u>101</u>
13 Creditors: amounts falling due within one year		
	2019 £(000)	2018 £(000)
Trade creditors	75	1
Accruals and deferred income	322	94
	<u>397</u>	<u>95</u>

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Deferred income	2019 £(000)	2018 £(000)
Deferred income is included within:		
Creditors due within one year	3	2
Deferred income at 1 September 2018	2	2
Released from previous years	(2)	(2)
Resources deferred in the year	3	2
Deferred income at 31 August 2019	3	2

At the balance sheet date, the academy trust was holding funds received in advance for the 16-19 Bursary funding which are to be distributed to students in 2019/20.

15 Funds	Balance at 1 September 2018 £(000)	Income £(000)	Expenditure £(000)	Gains, losses and transfers £(000)	Balance at 31 August 2019 £(000)
Restricted general funds					
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>
Restricted fixed asset funds					
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>
Total restricted funds	<u>65</u>	<u>3,875</u>	<u>(4,148)</u>	<u>(653)</u>	<u>(861)</u>
Unrestricted funds					
General funds	485	19	-	-	504
Total funds	<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 2019

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 from General Annual Grant to Capital Expenditure from GAG is to cover the capital 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 2019.

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

	Balance at 1 September 2017 £(000)	Income £(000)	Expenditure £(000)	Gains, losses and transfers £(000)	Balance at 31 August 2018 £(000)
Restricted general funds					
General Annual Grant (GAG)	357	2,417	(2,363)	3	414
Other DfE / ESFA grants	17	221	(219)	-	19
Other government grants	-	998	(998)	-	-
Other restricted funds	-	18	(18)	-	-
Pension reserve	(918)	-	(175)	392	(701)
	<u>(544)</u>	<u>3,654</u>	<u>(3,773)</u>	<u>395</u>	<u>(268)</u>
Restricted fixed asset funds					
DfE group capital grants	45	10	(29)	(3)	23
Capital expenditure from GAG	107	-	3	-	110
Other capital donations	32	-	(1)	-	31
Donated assets	-	9	(1)	-	8
Expenditure from unrestricted funds	200	-	(39)	-	161
	<u>384</u>	<u>19</u>	<u>(67)</u>	<u>(3)</u>	<u>333</u>
Total restricted funds	<u>(160)</u>	<u>3,673</u>	<u>(3,840)</u>	<u>392</u>	<u>65</u>
Unrestricted funds					
General funds	<u>472</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>485</u>
Total funds	<u>312</u>	<u>3,686</u>	<u>(3,840)</u>	<u>392</u>	<u>550</u>

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16 Analysis of net assets between funds

	Unrestricted Funds £(000)	Restricted funds:		Total Funds £(000)
		General £(000)	Fixed asset £(000)	
Fund balances at 31 August 2019 are represented by:				
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)
Total net assets	504	(1,239)	378	(357)

	Unrestricted Funds £(000)	Restricted funds:		Total Funds £(000)
		General £(000)	Fixed asset £(000)	
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	333	333
Current assets	485	528	-	1,013
Creditors falling due within one year	-	(95)	-	(95)
Defined benefit pension liability	-	(701)	-	(701)
Total net assets	485	(268)	333	550

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 2012, and that of the LGPS related to the period ended 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Pension and similar obligations

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The pension costs paid to the TPS in the period amounted to £173,000 (2018: £177,000).

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 21.2% for employers and 5.5 to 8.5% for employees.

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

Total contributions made	2019 £(000)	2018 £(000)
Employer's contributions	163	161
Employees' contributions	47	47
Total contributions	<u>210</u>	<u>208</u>

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Pension and similar obligations

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.1	3.2
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8

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

	2019 Years	2018 Years
Retiring today		
- Males	20.6	21.5
- Females	23.1	24.1
Retiring in 20 years		
- Males	22	23.7
- Females	24.8	26.2

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

Changes in assumptions at 31 August 2019	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	11%	638
0.5% increase in the Pension Increase Rate	9%	511
0.5% increase in the Salary Increase Rate	2%	112

The academy trust's share of the assets in the scheme	2019 Fair value £(000)	2018 Fair value £(000)
Equities	2,742	2,522
Bonds	605	593
Property	323	260
Other assets	362	334
Total market value of assets	4,032	3,709

The actual return on scheme assets was £181,000 (2018: £188,000).

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Pension and similar obligations

Amount recognised in the Statement of Financial Activities	2019 £(000)	2018 £(000)
Current service cost	287	311
Past service cost	46	-
Interest income	(106)	(86)
Interest cost	127	111
Total operating charge	<u>354</u>	<u>336</u>
Changes in the present value of defined benefit obligations	2019 £(000)	2018 £(000)
At 1 September 2018	4,410	4,291
Current service cost	287	311
Interest cost	127	111
Employee contributions	47	47
Actuarial loss/(gain)	728	(290)
Benefits paid	(68)	(60)
Past service cost	46	-
At 31 August 2019	<u>5,577</u>	<u>4,410</u>
Changes in the fair value of the academy trust's share of scheme assets	2019 £(000)	2018 £(000)
At 1 September 2018	3,709	3,373
Interest income	106	86
Actuarial gain	75	102
Employer contributions	163	161
Employee contributions	47	47
Benefits paid	(68)	(60)
At 31 August 2019	<u>4,032</u>	<u>3,709</u>

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Reconciliation of net expenditure to net cash flow from operating activities	2019 £(000)	2018 £(000)
Net expenditure for the reporting period (as per the statement of financial activities)	(254)	(154)
Adjusted for:		
Capital grants from DfE and other capital income	(80)	(19)
Investment income receivable	(1)	(1)
Defined benefit pension costs less contributions payable	170	150
Defined benefit pension scheme finance cost	21	25
Depreciation of tangible fixed assets	82	67
(Increase) in debtors	(105)	(67)
Increase/(decrease) in creditors	302	(311)
Net cash provided by/(used in) operating activities	135	(310)

19 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £(000)	2018 £(000)
Amounts due within one year	69	3
Amounts due in two and five years	70	3
	<u>139</u>	<u>6</u>

The academy buildings are provided on a PFI contract which at 31 August 2018 had a further 12 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 2019 was £519,000 (2018: £524,000) and the cost for period 1 September 2019 to 31 March 2020 is expected to be £301,000.

KINGS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 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 the Associate 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 2018.

21 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.

22 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £4,935 (2018: £4,935) and disbursed £3,774 (2018: £4,587) from the fund. An amount of £3,091 (2018: £1,930) 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 2019

23 Teaching school trading account

	2018/19		2017/18	
	£(000)	£(000)	£(000)	£(000)
Income		103		81
Expenditure				
Direct costs				
- Direct staff costs	66		63	
- Staff development	-		3	
- Other direct costs	4		4	
		(70)		(70)
Other costs				
- Support staff costs	12		11	
- Other direct costs	-		-	
		(12)		(11)
Surplus/(Deficit) from all sources		<u>21</u>		<u>-</u>