

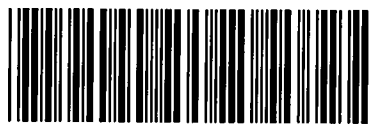
Registered number: 07542155 (England and Wales)

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2016**

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**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Contents**

	<b>Page</b>
<b>Reference and Administrative Details</b>	<b>1 - 2</b>
<b>Trustees' Report</b>	<b>3 - 9</b>
<b>Governance Statement</b>	<b>10 - 13</b>
<b>Statement on Regularity, Propriety and Compliance</b>	<b>14</b>
<b>Statement of Trustees' Responsibilities</b>	<b>15</b>
<b>Independent Auditors' Report on the Financial Statements</b>	<b>16 - 17</b>
<b>Independent Reporting Accountant's Assurance Report on Regularity</b>	<b>18 - 19</b>
<b>Statement of Financial Activities</b>	<b>20</b>
<b>Balance Sheet</b>	<b>21</b>
<b>Statement of Cash Flows</b>	<b>22</b>
<b>Notes to the Financial Statements</b>	<b>23 - 48</b>

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Reference and Administrative Details of the Academy Trust, its Trustees and Advisers**  
**For the Year Ended 31 August 2016**

**Members**

Lady (Jacqueline) Evans (appointed 1 September 2015)  
The Right Reverend James Langstaff (Lord Bishop of Rochester)  
The Venerable Clive Mansell (Archdeacon of Tonbridge)  
Reverend Canon James Stewart (Rural Dean of Tunbridge Wells)  
The Chichester Diocesan Board of Education (represented by Reverend Dr Edward Dowler, Archdeacon of Hastings) (appointed 16 March 2016)

**Trustees**

Mr Ian Bauckham, Accounting Officer  
Mr John Constanti<sup>1</sup>  
Lady (Jacqueline) Evans, Chair<sup>2</sup>  
Mr David Godfrey<sup>1</sup>  
Mr David Ralph JP<sup>1</sup>  
Ms Cherie Sargent<sup>2</sup>  
Mrs Kate York<sup>2</sup>  
Mr Andrew Cunningham (appointed 26 October 2016)

<sup>1</sup> Member of Finance & Audit Committee

<sup>2</sup> Member of Standards Committee

**Company registered number**

07542155

**Company name**

The Tenax Schools Trust

**Principal and registered office**

Bennett Memorial Diocesan School, Culverden Down, Tunbridge Wells, Kent, TN4 9SH

**Company secretary**

Mrs Catherine Dottridge

**Chief executive officer**

Mr Ian Bauckham

**Senior management team**

Mr Ian Bauckham, Chief Executive Officer/Accounting Officer  
Mrs Catherine Dottridge, Chief Financial Officer  
Mrs Rachel Green, Primary Lead Headteacher (appointed 1 September 2016)  
Mr Jon Sparke, Secondary Headteacher  
Mr Richard Sutton-Smith, Primary Headteacher (appointed 1 September 2016)

**Independent auditors**

Kreston Reeves LLP, 37 St Margaret's Street, Canterbury, Kent, CT1 2TU

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Reference and Administrative Details of the Academy Trust, its Trustees and Advisers**  
**For the Year Ended 31 August 2016**

**Advisers (continued)**

**Bankers**

Lloyds Bank plc, 82 Mount Pleasant Road, Tunbridge Wells, TN1 1RP

**Solicitors**

Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London, SW1P 3JT

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Trustees' Report**  
**For the Year Ended 31 August 2016**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Tenax Schools Trust is a Church of England Multi-Academy Trust that exists to provide outstanding education in both primary and secondary schools in Kent and East Sussex.

Until 31 March 2016 the Trust consisted of one secondary school, Bennett Memorial Diocesan School, with a roll of 1,486 in the school census on January 2016. On 1 April 2016 and 1 May 2016 respectively, Sir Henry Fermor CofE Primary School and Brenchley and Matfield CofE Primary School, both former voluntary aided Local Authority maintained schools, joined the Trust.

**Structure, governance and management**

**a. Constitution**

The Academy Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of The Tenax Schools Trust are also the directors of the charitable company for the purpose of company law. The charitable company is known as The Tenax Schools Trust.

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

**b. Members' liability**

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

**c. Method of recruitment and appointment or election of Trustees**

Recruitment and appointment of Trustees is as set out in the Tenax Schools Trust's Articles of Association and Governance Plan. The members of the Tenax Schools Trust have appointed 6 trustees. In addition, the Chief Executive Officer of the Trust is an ex-officio Trustee.

**d. Policies and procedures adopted for the induction and training of Trustees**

New Trustees receive an induction pack and all trustees attend an annual programme of Trustee training seminars.

**e. Arrangements for setting pay and remuneration of key management personnel**

The Board of Trustees annually review and agree a Pay Policy for the Trust with regards to setting key management personnel pay. All arrangements for setting pay and remuneration are overseen by the Trust's Pay Committee with pay decisions determined on the basis of evidence supporting performance outcomes.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

**f. Organisational structure**

The Board of Trustees monitors the performance of the schools through full Board of Trustees meetings at least six times per year.

During the year, a new governance structure was introduced to ensure the efficient and effective running of a Multi-Academy Trust.

There are two committees of the Trust Board, each with a Terms of Reference, including details of delegation where applicable and which is reviewed annually by the Board of Trustees:

The **Finance and Audit Committee** (combining both Finance and Audit within one committee) has the strategic oversight of all matters related to audit, finance and capital assets of the Trust. The committee seeks to monitor internal scrutiny, the delivering of objectives and provide independent assurance over the suitability and compliance with, its financial systems and operational controls, seeking to ensure that the Trust is operating within the Funding Agreement and in line with the Academies Financial Handbook; and to assist the decision making of the Trust Board by enabling more detailed consideration to be given to the best means of fulfilling the Board's responsibility to ensure sound management of their finances and capital assets, including proper planning, monitoring and probity.

The **Standards Committee** acts as a scrutiny committee to assist the Board in discharging its financial accountabilities. It is accountable to the full Board of Trustees. The committee consists of at least three trustees. One or two headteacher(s) normally attend meetings of this committee in an advisory capacity but are not members of it. The role of this committee is to ensure annual school improvement plans contain appropriately challenging targets on achievement and attendance for each school, to test the reliability and validity of monitoring information on end of Key Stage pupil performance and attendance supplied to it. Where necessary to prevent underperformance it challenges headteachers, via the Chief Executive Officer (CEO), to propose and implement interventions and improvements, or challenges Local Governing Bodies (LGBs) to discharge their responsibilities on standards more effectively. It reports to the full trust board via a summary of its findings and actions.

Each school in the Trust has a LGB which is accountable to the Board of Trustees. This comprises in each case; The headteacher (ex officio); one further elected staff local governor; two elected parent governors; and five or more governors appointed by the Trust Board. Local Governing Bodies have a critical role to play in supporting the work of the school and the Trust, and their responsibilities are set out in the Governance Plan.

The CEO is, with the headteacher of the individual school, responsible for the overall leadership and management of the school. Each school has a leadership management team who are responsible for operational matters relating to curriculum, teaching, learning, student attainment, achievement, broader development, welfare, recruitment and finance.

The CEO is the Accounting Officer for the Trust.

**g. Connected organisations, including related party relationships**

There are no related parties which either control or significantly influence the decisions and operations of the trust.

Bennett Memorial Diocesan School is fortunate enough to have both parental, past students and Church support; historically this led to the setting up of a charitable trust; "The Bennett Memorial Diocesan School Charity" which enable gifts to be given tax effectively to the charity; enabling the trustees to make grants to the school or others as appropriate in support of the school in the widest possible sense. The Trust is run by independent Trustees (headteacher, 1 nominated by the School Leadership Team and 3 appointed by the existing trustees) who receive bids from the school to fund particular projects or works. The charity is registered with the Charity Commission for England & Wales, to whom it reports.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

**h. Trustees' indemnities**

Trustees (directors) benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

**Objectives and Activities**

**a. Objects and aims**

The Trust's object is to provide outstanding education in both primary and secondary schools in Kent and East Sussex. It offers a broad and balanced curriculum with the aim of raising the education standards of its pupils with underpinning ethical and personal development principles and with particular emphasis on teaching about Christian values, beliefs and traditions. It aims to provide value for money for the funds expended; to comply with all appropriate statutory and curriculum requirements; and to conduct business in accordance with the highest standards of integrity, probity, and openness.

**b. Objectives, strategies and activities**

Key objectives and activities are identified in the growth plan and are informed by the significant challenges and opportunities arising from national developments in education policy and funding.

**c. Public benefit**

The principal public benefit arising from the Trust's charitable activities is the educational outcomes in terms of results and personal and faith development for the students educated at the schools operated by the Academy Trust. Both principles of public benefit identified on the Charity Commission website have been met: the benefits are identifiable in terms of educational outcome, it is clear what they are (for example examination results), they are related to the aims, and there is no identifiable detriment.

On the second principle, the beneficiaries are appropriate to the aims, in that the beneficiaries are children living in the locality of the Academy Trust, access to this public benefit is not restricted by ability to pay for it, and only in a practical way by geographical distance from the Academy Trust, and children in poverty are not excluded from benefiting: there are many practical examples of students in poverty who have achieved excellent outcomes, no fees are charged for core educational activities, and the Academy Trust has a wide ranging grants and concessions programme to enable those in poverty to take part in supplementary activities.

The 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 and duties.

**Achievements and performance**

**a. Key financial performance indicators**

The Trustees feel that the following are key performance indicators for the Trust:

Percentage of income received from EFA spent on teaching staff;  
Percentage of income received from EFA spent on total staff costs;  
Pupil numbers (leading directly to EFA funding level) and;

General funding expenditure – aim for income to match expenditure each year.

The Trustees have been pleased that expectations for all key performance indicators listed above have been successfully met during the year.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

**b. Review of activities**

During this year the Trust grew from one to three schools, incorporating Sir Henry Fermor Church of England Primary School in Crowborough as a fast track sponsored academy on 1 April 2016 and Brenchley and Matfield Church of England Primary School as a sponsored academy on 1 May 2016. This brought the total pupil population of the Trust to about 2100. Sir Henry Fermor Primary School CofE had no substantive headteacher at the point of conversion and the Trust was able to appoint an experienced primary headteacher to lead the school from September 2016.

Plans for the opening of Bishop Chavasse Church of England Primary School continued during the year. The school is set to open for Reception age pupils in September 2017, and during the year a site was identified by the Education and Funding Agency in the target area of South Tonbridge. The site will be large enough to accommodate both the temporary and permanent buildings during the first year of opening.

During the year 2015-2016 the Trust made the decision to submit a proposal for a second primary free school for the town of Paddock Wood, Kent, in response to the planned significant growth in housing for the town, which is situated in the borough of Tunbridge Wells. The Trust were pleased that the proposal was approved by the Department for Education and announced on the last day of Prime Minister David Cameron's tenure, along with a small group of 'fast tracked' applications.

During the year the Trust also, in response to the need to train teachers locally to address an increasingly challenging teacher supply issue, took the decision to form a collaborative of schools from within the Altius Teaching School Alliance which is co-led by Bennett Memorial, and apply for SCITT (School Centred Initial Teacher Training) status. This will allow the collaborative to take complete ownership of the recruitment, training and accreditation of new teachers and shape the approach to best suit local circumstances and maximise the chances of teacher recruitment. Already a significant proportion of new teachers recruited for Bennett Memorial are trained at the school. We achieved the SCITT designation in October 2016.

Interest in joining Tenax has grown locally, and a further five governing bodies of local schools resolved to ask the Trust for membership during the year 2015-2016. At the date of this statement, an Academy Order had been received for one of these, and a further two had been applied for following the Board's agreement to proceed. In addition, early stage plans were in preparation for the submission of a third bid for a primary free school, this time in East Sussex, and speaks of the growth in the positive working relationship between the Trust and the Diocese of Chichester.

The structure of the Trust changed during the year, with the incorporation of a fifth member, the Diocesan Board of Education for Chichester, bringing the total membership to five, the recommended size in the Academies Financial Handbook in force at the time.

The central services of the Trust grew during the year with the appointment of further finance staff, a specialist HR professional and a Business Development Manager. The Trust also restructured its primary leadership, with one primary headteacher taking on a trust-wide role as Primary Lead headteacher to support incoming primary schools in the Trust.

**Financial review**

**a. 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 Statement of Accounting Policies. Although there has been a net deficit in funds during the year this is mainly due to actuarial gains/(losses) on defined benefit pension schemes and as such the Board of Trustees continue to adopt the going concern basis.



**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

**b. Principal risks and uncertainties**

The Trust practices through its Board, namely the Board of Trustees and the constituted sub-committees, risk management principles. It formally reviews its risk management and considers whether risks are appropriately assessed and whether the mitigation strategies identified for each is proportionate to the gravity of the risk. Risks are assessed, graded and prioritised in terms of their likelihood and their seriousness, should they occur. During the year, the Board reviewed and revised its format and reporting of the Risk Register.

Key areas covered by the full risk register are set out below:

**Recruitment and Retention of key staff:** Trust fails to keep/attract staff in critical roles needed to meet our objectives/strategy - mitigated by identification/mapping of key roles and critical individuals; individual succession plans in place for key roles; talent/career conversations for critical individuals; critical staff salary, working conditions, professional development closely monitored by Trustees once identified, taking into account other locally/nationally available comparable roles.

**Compliance:** Trust acts unlawfully or in contravention of mandatory requirements – mitigated by knowledge of statutory/mandatory requirements understood and shared; clear accountabilities identified for compliance with each compulsory requirement; appointment of new staff to fill gaps in compliance governance; external scrutiny in place; financial governance by Board is rigorous and risk averse.

**Insufficient funds:** There are insufficient funds to deliver the services to the appropriate level – mitigated by robust financial planning and budgeting systems to match resources to priorities, alertness to alternative grant and bidding income streams or grants; cautious budgeting to ensure future income not overestimated; discipline and restraint in pay policy to ensure value for money in staff salary costs; scale benefits achieved from Trust working.

**Corporate Governance:** There is a failure in the mechanisms, policies and processes which direct and control the Trust – mitigated by clear terms of reference established for all committees; clear accountabilities set and understood; whistleblowing and conflict of interest policies regularly reviewed; training/upskilling/induction programme in place for new Trustees; regular review of governance effectiveness, openness to constructive (external) critique.

**External Factors:** Trust strategy and objectives fail to adapt to changing external context – mitigated by horizon scanning/early warning awareness of external landscape shifting improved through peer networking/regular liaison with DfE; conduct scenario planning exercises for best/worst case scenarios; Trust continuing to value network building and creative thinking by senior leaders; Trust regularly interrogates its core objectives in the light of changing external circumstances/priorities.

The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Board of Trustees collectively, whilst more minor risks are dealt with by senior executive officers.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

**c. Reserves policy**

The Finance & Audit Committee considers the maintenance of a minimum working reserve in order to minimise any financial risks facing the Trust, such as delays between spending and receipt of grants or unexpected emergencies, and:

- Regularly reviews the nature of income and expenditure streams and the need to match income with commitments.
- Maintains the appropriate level of free reserves at Trust level currently approved to be approximately £100,000.
- Considers the set aside of funds for significant projects that cannot be met by future income alone.
- Requires each school to have a level of reserves of at least one month's average expenditure.

At 31 August 2016, total funds comprised £3,296,653 consisting of unrestricted funds of £407,453 and restricted funds of £1,247,790. At 31 August 2016 the total funds also comprised of restricted fixed asset funds of £4,364,410.

The deficit of £2,723,000 included in the restricted funds relates to the trust's Local Government Pension Scheme fund liability. This deficit is not an immediate liability and so funds would not have to be made available to cover this balance at short notice.

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 23. The deficit can be met in the longer term from any combination of increased employer and employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy Trust, at the discretion of the Trustees. The aim of the Trustees is to increase this reserve to meet future working capital requirements.

**d. Investment policy**

The Finance & Audit Committee considers the management of the Trust's funds bearing in mind the responsibilities that come with the receipt of central government funding and:

- Regularly monitors cash flow and current account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments.
- Maintains a working balance at each school of a minimum of 1 month's typical expenditure, including salaries, to respond to unexpected financial demands.
- Ensures schools' accounts are not overdrawn.
- Keeps the automatic transfer facility for current accounts in operation to maximise interest in deposit accounts bearing higher interest rate.
- Reviews periodically and at least annually interest rates and compares with other investment opportunities.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

**Plans for future periods**

**a. Future developments**

The growth capacity for the Trust approved for the year 2016-2017 by the Regional Schools Commissioner envisages further growth in converter and sponsored academies, as well as free school approvals. The Trust is likely to consider further its contribution to new provision of Church of England character, contributing to the overall stock of Church of England schools in the Kent and East Sussex areas. This would be in line with the vision of the Church of England to secure 125 Church of England free schools in the current Parliament. The Trust will continue to grow sustainably and will continue to make the case locally and nationally for Church of England schools, whilst also fulfilling its mission to incorporate non-denominational schools which share the Trust's ethos of a values and quality based approach to education.

Designated as a SCITT (School Centred Initial Teacher Training provider) in the year 2016-2017, the Trust will work collaboratively with its formal partners to recruit teachers to begin training in 2017 and shape the SCITT to be a centre of excellence in initial teacher training in the Kent and Sussex area. The SCITT is to be named 'Teach Kent and Sussex'.

As part of the Altius Teaching School Alliance, the Trust will continue to develop the work and contribution of the Trust to the mission of Teaching Schools to improve the quality of education received by pupils in schools within its ambit, and will do this by applying for School to School Improvement Funding for targeted school improvement projects.

The Trust will focus on improving standards further in its schools, maintaining the high standards at its Good and Outstanding schools, and working intensively to improve outcomes at its Requires Improvement sponsored school.

Finally, the Trust has a mission to make a distinctive and high profile contribution to education at national level through participation in national debate, review work, and support for national initiatives and projects.

All of these link to the charitable purposes set out above.

**Disclosure of information to auditors**

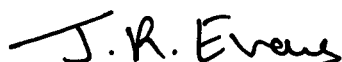
Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

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

**Auditors**

The auditors, Kreston Reeves LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by order of the Board of Trustees as the company directors, on 7 December 2016 and signed on its behalf by:



**Lady (Jacqueline) Evans**  
**Chair of Trustees**

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Governance Statement**

**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that The Tenax Schools 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Tenax Schools 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 formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr Ian Bauckham, Accounting Officer	6	6
Mr John Constanti	6	6
Lady (Jacqueline) Evans, Chair	6	6
Mr David Godfrey	4	6
Mr David Ralph JP	5	6
Ms Cherie Sargent	6	6
Mrs Kate York*	3	3
Mr Andrew Cunningham**	0	0

\*Granted six month leave of absence for medical reasons.

\*\*Mr Andrew Cunningham was appointed to the Board of Trustees on 26 October 2016.

Every committee reviews its role in the light of changes in legislation, responsibilities and accountability annually.

Attendance at Finance & Premises Committee meetings in the year was as follows:

Attendee	Meetings attended	Out of a possible
Mr David Ralph, Chair of Committee	3	3
Mr Mike Carson	3	3
Mr John Constanti, Vice-Chair of Committee	2	3
Mr David Godfrey	3	3
Mr Simon Curtis	3	3

The Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to review and report on the quarterly responsible officer reports and year end audit report from the external auditor.

Attendance at meetings in the year was as follows:

Attendee	Meetings attended	Out of a possible
Mr David Ralph, Chair of Committee	1	1
Mr John Constanti, Vice-Chair of Committee	1	1
Lady (Jacqueline) Evans	1	1

The Finance & Premises Committee and Audit Committee have been combined to form the Finance & Audit Committee with effect from 1 September 2016.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Governance Statement (continued)**

Attendance at Standards Committee meetings in the year were as follows:

Trustee	Meetings attended	Out of a possible
Mr Ian Bauckham	2	2
Lady (Jacqueline) Evans	2	2
Ms Cherie Sargent	2	2
Mrs Kate York	0	2*

\*Granted 6 month leave of absence for medical reasons.

**Review of Value for money**

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

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

- Operating a robust pay and performance management policy which rewards and incentives effective teachers and does not reward relatively less successful teaching. A designated Pay Committee is in place to annually review and manage implementation of the Trust's Pay Policy.
- Undertaking effective procurement using, where appropriate, competitive tendering, to ensure best value is achieved for contracts and services (eg tendering Project Management Services for the opening of Bishop Chavasse Free School); and obtaining alternative quotes for large scale projects (eg Fencing project at Bennett Memorial Diocesan School).
- Challenging existing contracts and changing suppliers where necessary to ensure value for money for service delivery (eg changing supplier for the provision of payroll services and auditors).

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Tenax Schools Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Governance Statement (continued)**

**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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The Risk and Control Framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Kreston Reeves LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the internal auditor 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 auditor has delivered the schedule of work as planned and no management actions were identified in the areas under review.

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

- Testing of payroll systems
- Testing of purchase and procurement
- Testing of income systems
- Testing of bank reconciliations
- Testing of control account reconciliations

On a quarterly basis, the internal auditor 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 Tenax Schools Trust**  
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**Governance Statement (continued)**

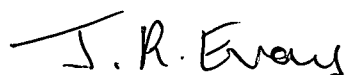
**Review of Effectiveness**

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

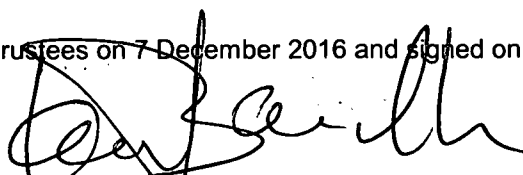
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on their behalf by:



**Lady (Jacqueline) Evans**  
**Chair of Trustees**



**Mr Ian Bauckham**  
**Accounting Officer**

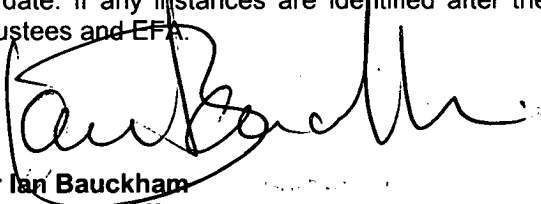
**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of The Tenax Schools Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust 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 2015.

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

A handwritten signature in black ink, appearing to read 'Ian Bauckham', is written over the printed name and title.

**Mr Ian Bauckham**  
**Accounting Officer**

Date: 7 December 2016



**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Statement of Trustees' Responsibilities**  
**For the Year Ended 31 August 2016**

The Trustees (who act as governors of The Tenax Schools Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

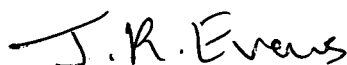
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on its behalf by:



**Lady (Jacqueline) Evans**  
**Chair of Trustees**

## **Independent Auditors' Report on the Financial Statements to the Members of The Tenax Schools Trust**

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

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

### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report on the Financial Statements to the Members of The Tenax Schools Trust**

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

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

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

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

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

*Kreston Reeves LLP*

Peter Manser FCA DChA (Senior Statutory Auditor)  
for and on behalf of

**Kreston Reeves LLP**  
Chartered Accountants  
Statutory Auditor  
Canterbury  
7 December 2016

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Independent Reporting Accountants' Assurance Report on Regularity to The Tenax Schools Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 19 April 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Tenax Schools Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Tenax Schools Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Tenax Schools Trust's funding agreement with the Secretary of State for Education dated 27 October 2015, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Independent Reporting Accountants' Assurance Report on Regularity to The Tenax Schools Trust and the Education Funding Agency (continued)**

**Work undertaken**

The work undertaken to draw to our conclusion includes:

- Reviewed the evidence used to support the Accounting Officer's sign off of the regularity statement
- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Reviewed that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Governing Body minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Kreston Reeves, LLP*

**Kreston Reeves LLP**  
Reporting Accountant  
Chartered Accountants  
Canterbury

7 December 2016

The Tenax Schools Trust  
(A Company Limited by Guarantee)

Statement of Financial Activities Incorporating Income and Expenditure Account  
For the Year Ended 31 August 2016

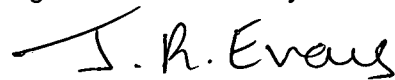
	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>						
Donations & capital grants:						
Transfer from local authority on conversion	2	147,829	(189,000)	14,314	(26,857)	-
Other donations and capital grants	2	4,907	-	625,567	630,474	154,945
Charitable activities	3	-	8,033,071	-	8,033,071	7,037,072
Other trading activities	4	21,315	-	-	21,315	6,205
Investments	5	18,828	-	-	18,828	11,492
Other income	6	666,350	-	-	666,350	421,386
<b>Total income</b>		<b>859,229</b>	<b>7,844,071</b>	<b>639,881</b>	<b>9,343,181</b>	<b>7,631,100</b>
<b>Expenditure on:</b>						
Charitable activities		364,910	8,034,092	401,457	8,800,459	7,674,491
<b>Total expenditure</b>	8	<b>364,910</b>	<b>8,034,092</b>	<b>401,457</b>	<b>8,800,459</b>	<b>7,674,491</b>
<b>Net income / (expenditure) before transfers</b>		<b>494,319</b>	<b>(190,021)</b>	<b>238,424</b>	<b>542,722</b>	<b>(43,391)</b>
Transfers between Funds	18	(270,850)	245,254	25,596	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>223,469</b>	<b>55,233</b>	<b>264,020</b>	<b>542,722</b>	<b>(43,391)</b>
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(1,159,000)	-	(1,159,000)	38,000
<b>Net movement in funds</b>		<b>223,469</b>	<b>(1,103,767)</b>	<b>264,020</b>	<b>(616,278)</b>	<b>(5,391)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		183,984	(371,443)	4,100,390	3,912,931	3,918,322
<b>Total funds carried forward</b>		<b>407,453</b>	<b>(1,475,210)</b>	<b>4,364,410</b>	<b>3,296,653</b>	<b>3,912,931</b>

The Tenax Schools Trust  
(A Company Limited by Guarantee)  
Registered number: 07542155

**Balance Sheet**  
**As at 31 August 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	15		4,207,299		4,100,390
<b>Current assets</b>					
Debtors	16	302,599		128,078	
Cash at bank and in hand		2,336,056		1,683,411	
		<u>2,638,655</u>		<u>1,811,489</u>	
<b>Creditors:</b> amounts falling due within one year	17	(826,301)		(759,948)	
<b>Net current assets</b>			<u>1,812,354</u>		<u>1,051,541</u>
<b>Total assets less current liabilities</b>			<u>6,019,653</u>		<u>5,151,931</u>
Defined benefit pension scheme liability	23	(2,723,000)		(1,239,000)	
<b>Net assets including pension scheme liabilities</b>			<u><u>3,296,653</u></u>		<u><u>3,912,931</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	18	1,247,790		867,557	
Restricted fixed asset funds	18	4,364,410		4,100,390	
Restricted income funds excluding pension liability		<u>5,612,200</u>		<u>4,967,947</u>	
Pension reserve		(2,723,000)		(1,239,000)	
Total restricted income funds			<u>2,889,200</u>		<u>3,728,947</u>
Unrestricted income funds	18		<u>407,453</u>		<u>183,984</u>
<b>Total funds</b>			<u><u>3,296,653</u></u>		<u><u>3,912,931</u></u>

The financial statements were approved by the Trustees and authorised for issue, on 7 December 2016 and are signed on their behalf by:

  
Lady (Jacqueline) Evans  
Chair of Trustees

  
Mr Ian Bauckham  
Accounting Officer

The notes on pages 23 to 48 form part of these financial statements.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Statement of Cash Flows**  
**For the Year Ended 31 August 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	<u>166,846</u>	<u>172,980</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		18,828	11,492
Proceeds from the sale of tangible fixed assets		-	830
Purchase of tangible fixed assets		(25,596)	(51,735)
Capital grants from DfE/EFA		<u>492,567</u>	<u>171,555</u>
<b>Net cash provided by investing activities</b>		<u>485,799</u>	<u>132,142</u>
<b>Change in cash and cash equivalents in the year</b>		<b>652,645</b>	<b>305,122</b>
Cash and cash equivalents brought forward		<u>1,683,411</u>	<u>1,378,289</u>
<b>Cash and cash equivalents carried forward</b>	21	<u><u>2,336,056</u></u>	<u><u>1,683,411</u></u>



**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**1. Accounting Policies**

The Tenax Schools Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Bennett Memorial Diocesan School, Culverden Down, Tunbridge Wells, Kent, TN4 9SH. The principal activity of the academy trust is to provide a secondary education for pupils that satisfies the requirements of the Education Act 2002.

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 of financial statements**

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

The Tenax Schools Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

**1.2 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 Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**1. Accounting Policies (continued)**

**1.3 Income**

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

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

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

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

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

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.

Upon each school within the Academy Trust converting to an Academy, the Academy Trust will receive a transfer of property and other assets and liabilities at no consideration. These assets and liabilities are reflected as a donation in the accounting period of conversion, at a figure the Trustees have deemed to be the fair value to the Trust.

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

Notes to the Financial Statements  
For the Year Ended 31 August 2016

**1. Accounting Policies (continued)**

**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Charitable activities 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.

All resources expended are inclusive of irrecoverable VAT.

**1.5 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 Academy Trust 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 financial statements 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 financial statements.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,500 are capitalised.

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

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

**Notes to the Financial Statements  
For the Year Ended 31 August 2016**

**1. Accounting Policies (continued)**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	Not depreciated
Long-term leasehold land and property	-	Not depreciated
Fixtures and fittings	-	20% straight-line
Computer equipment	-	33% straight-line

**1.7 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

**1.8 Operating leases**

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

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

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

**1.11 Liabilities and provisions**

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.

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**1. Accounting Policies (continued)**

**1.12 Financial instruments**

The academy trust enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

**1.13 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.

**1.14 Pensions**

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. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**1. Accounting Policies (continued)**

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

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

Critical accounting estimates and assumptions:

The Academy Trust 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.

*Multi-employer defined benefit pension scheme*

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

Notes to the Financial Statements  
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

*Tangible fixed assets*

The Academy Trust has recognised tangible fixed assets with a carrying value of £4,207,299 at the reporting date (see note 15). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the governors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

Critical areas of judgement:

*Lease commitments*

The Academy Trust has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the governors to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

*Multi-employer defined benefit pension scheme*

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the governors, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 23 for further details.

*Exemptions on transition to FRS102*

The Academy Trust has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS102.

Notes to the Financial Statements  
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.16 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Sir Henry Fermor CofE Primary School and Brenchley and Matfield CofE Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities Incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Transfer from local authority on conversion	147,829	(189,000)	14,314	(26,857)	-
Donations	4,907	-	133,000	137,907	450
Capital grants	-	-	492,567	492,567	154,495
	4,907	-	625,567	630,474	154,945
	152,736	(189,000)	639,881	603,617	154,945

In 2015, of the total income from donations and capital grants, £Nil was to unrestricted funds and £154,945 was to restricted funds.



The Tenax Schools Trust  
(A Company Limited by Guarantee)

Notes to the Financial Statements  
For the Year Ended 31 August 2016

3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	7,248,676	7,248,676	6,763,316
Other DfE/EFA grants	-	269,569	269,569	164,241
	<u>-</u>	<u>7,518,245</u>	<u>7,518,245</u>	<u>6,927,557</u>
<b>Other government grants</b>				
Local authority grants	-	514,826	514,826	109,515
	<u>-</u>	<u>514,826</u>	<u>514,826</u>	<u>109,515</u>
	<u>-</u>	<u>8,033,071</u>	<u>8,033,071</u>	<u>7,037,072</u>

In 2015, of the total income from charitable activities, £Nil was to unrestricted funds and £7,037,072 was to restricted funds.

4. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	17,430	-	17,430	6,205
Other insurance claims	3,885	-	3,885	-
	<u>21,315</u>	<u>-</u>	<u>21,315</u>	<u>6,205</u>

In 2015, of the total income from other trading activities, £6,205 was to unrestricted funds and £Nil was to restricted funds.

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	18,828	-	18,828	11,492

In 2015, of the total investment income, £11,492 was to unrestricted funds and £Nil was to restricted funds.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**6. Other incoming resources**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Contributions towards school trips	<b>180,781</b>	-	<b>180,781</b>	274,014
Contributions towards clubs and educational activities	<b>4,912</b>	-	<b>4,912</b>	4,669
Other incoming resources	<b>480,657</b>	-	<b>480,657</b>	142,703
	<b>666,350</b>	-	<b>666,350</b>	421,386

In 2015, of the total other incoming resources, £Nil was to unrestricted funds and £421,386 was to restricted funds.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**7. Charitable activities**

	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	4,524,318	4,189,878
National insurance	373,568	289,679
Pension cost	721,388	507,853
Educational supplies and services	697,875	704,207
Examination fees	142,599	152,904
Educational consultancy	72,929	42,653
Staff development and training	31,832	19,864
Technology costs	4,196	-
Other direct costs	4,794	3,342
	<u>6,573,499</u>	<u>5,910,380</u>
<b>Support costs - educational operations</b>		
Wages and salaries	534,569	437,373
National insurance	30,011	21,869
Pension cost	173,852	126,737
Depreciation	66,001	60,666
Pension income	49,000	47,000
Technology costs	127,091	108,419
Recruitment and support	29,450	37,744
Maintenance of premises and equipment	420,313	283,884
Cleaning	200,039	185,892
Rates and water	35,658	51,400
Energy costs	106,204	146,453
Insurance	54,346	20,449
Security and transport	27,656	11,462
Catering	64,767	51,688
Governance costs	98,393	39,845
Other support costs	196,010	133,230
	<u>2,213,360</u>	<u>1,764,111</u>
	<u><u>8,786,859</u></u>	<u><u>7,674,491</u></u>

The Tenax Schools Trust  
(A Company Limited by Guarantee)

Notes to the Financial Statements  
For the Year Ended 31 August 2016

8. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Activities:					
Direct costs	5,629,236	-	944,263	6,573,499	5,910,380
Support costs	738,432	816,560	658,368	2,213,360	1,764,111
	<u>6,367,668</u>	<u>816,560</u>	<u>1,602,631</u>	<u>8,786,859</u>	<u>7,674,491</u>

In 2016, of the total expenditure, £Nil (2015: £Nil) was to unrestricted funds and £8,786,859 (2015: £7,674,491) was to restricted funds.

9. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	66,001	60,666
Auditors' remuneration - audit	9,700	9,400
Auditors' remuneration - other services	3,700	11,115
Operating lease rentals	<u>35,771</u>	<u>26,657</u>

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**10. Staff costs**

Staff costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>4,864,755</b>	4,515,113
Social security costs	<b>403,579</b>	311,548
Operating costs of defined benefit pension schemes	<b>895,240</b>	634,590
	<b>6,163,574</b>	5,461,251
Supply teacher costs	<b>194,132</b>	112,138
Severance payments	<b>9,962</b>	-
	<b>6,367,668</b>	5,573,389

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>122</b>	96
Administration and support	<b>102</b>	64
Management	<b>10</b>	11
	<b>234</b>	171

Average headcount expressed as a full time equivalent:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>99</b>	84
Administration and support	<b>59</b>	42
Management	<b>14</b>	9
	<b>172</b>	135

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>2</b>	2
In the band £80,001 - £90,000	<b>1</b>	1
In the band £120,001 - £130,000	<b>1</b>	1

Included in direct costs are non-statutory/non-contractual severance payments totalling £9,962 (2015: £Nil). Individually, the payments were: £2,262, £4,200 and £3,500.

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 £322,455 (2015: £378,156).

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**11. Central services**

No central services were provided by the Academy Trust to its academies during the year and no central charges arose.

**12. Trustees' remuneration and expenses**

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

		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Ian Bauckham (Accounting Officer and Trustee)	Remuneration	<b>120,000-125,000</b>	120,000-125,000
	Pension contributions paid	<b>15,000-20,000</b>	15,000-20,000
Trevor Davis (Staff Trustee - resigned 25 April 2015)*	Remuneration	<b>Nil</b>	40,000-45,000
	Pension contributions paid	<b>Nil</b>	0-5,000
Shirley Midgley (Staff Trustee - resigned 25 April 2015)	Remuneration	<b>Nil</b>	15,000-20,000
	Pension contributions paid	<b>Nil</b>	0-5,000
Katie Greaves (Staff Trustee - resigned 31 August 2015)**	Remuneration	<b>Nil</b>	20,000-25,000
	Pension contributions paid	<b>Nil</b>	0-5,000

During the year, no Trustees received any reimbursement of expenses (2015: £Nil).

\* Resigned at end of their 3 year term and were not replaced on Board of Trustees due to governance reconstitution.

\*\* As part of the governance review during the year, the staff elected governor joined their school's local governing body and resigned from the Board of Trustees.

There are no Trustees (other than the CEO) who receive remuneration.

**13. 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 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.

**14. Other finance income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Interest income on pension scheme assets	<b>75,000</b>	60,000
Interest on pension scheme liabilities	<b>(124,000)</b>	(107,000)
	<b>(49,000)</b>	(47,000)

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**15. Tangible fixed assets**

	<b>Freehold land and property £</b>	<b>Long-term leasehold land and property £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 September 2015	4,019,000	-	71,772	290,233	4,381,005
Additions	-	-	-	25,596	25,596
Transfer from local authority on conversion	-	133,000	-	14,314	147,314
At 31 August 2016	<u>4,019,000</u>	<u>133,000</u>	<u>71,772</u>	<u>330,143</u>	<u>4,553,915</u>
<b>Depreciation</b>					
At 1 September 2015	-	-	52,871	227,744	280,615
Charge for the year	-	-	16,323	49,678	66,001
At 31 August 2016	<u>-</u>	<u>-</u>	<u>69,194</u>	<u>277,422</u>	<u>346,616</u>
<b>Net book value</b>					
At 31 August 2016	<u>4,019,000</u>	<u>133,000</u>	<u>2,578</u>	<u>52,721</u>	<u>4,207,299</u>
At 31 August 2015	<u>4,019,000</u>	<u>-</u>	<u>18,901</u>	<u>62,489</u>	<u>4,100,390</u>

The freehold property and land owned by the Academy Trust was professionally valued in the year of conversion on 27 October 2011 by Mr H F Camfield (MRICS).

The Rochester Diocesan Board of Education and Chichester Diocesan Board of Education own the legal title of the land and freehold property where the Academy Trust is situated. There is no formal lease in place and the Rochester Diocesan Board of Education and Chichester Diocesan Board of Education do not charge any rent for the use of the property. Therefore, only the value of the freehold land and property that is owned by the Academy Trust, comprising the school sports field and driveway at Bennett Memorial Diocesan School, is included in these financial statements.

Long-term leasehold land and property comprises land and property occupied on 125 year leases granted from Kent County Council and East Sussex County Council to The Tenax Schools Trust for the use of the sports fields at Sir Henry Fermor CofE Primary School and Brenchley and Matfield CofE Primary School.

The sites were transferred to the Academy Trust, with the agreement of the EFA, at a value as at 1 April 2016 and 1 May 2016 of £50,000 and £83,000 respectively.

The land and property were valued by the local authorities on a depreciated cost basis as at the date of conversion.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**16. Debtors**

	2016 £	2015 £
Trade debtors	4,005	4,134
Other debtors	118,473	41,789
Prepayments and accrued income	180,121	82,155
	<u>302,599</u>	<u>128,078</u>

**17. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	174,009	14,906
Other taxation and social security	141,437	100,105
Other creditors	212,986	67,154
Accruals and deferred income	297,869	577,783
	<u>826,301</u>	<u>759,948</u>

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	464,676	68,854
Resources deferred during the year	312,323	464,676
Amounts released from previous years	(464,676)	(68,854)
Deferred income at 31 August 2016	<u>312,323</u>	<u>464,676</u>

At the balance sheet date the Academy Trust was holding funds received in advance of the 2016/17 financial year in respect of free school meals and parental contributions towards school trips and other activities.



**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**18. Statement of funds**

	<b>Brought Forward £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
<b>Unrestricted funds</b>						
General Fund	<b>183,984</b>	<b>859,229</b>	<b>(364,910)</b>	<b>(270,850)</b>	<b>-</b>	<b>407,453</b>
<b>Restricted funds</b>						
Restricted Funds - all funds	<b>867,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>867,557</b>
General Annual Grant (GAG)	<b>-</b>	<b>7,248,676</b>	<b>(7,300,645)</b>	<b>51,969</b>	<b>-</b>	<b>-</b>
Other DfE/EFA grants	<b>-</b>	<b>269,569</b>	<b>(277,398)</b>	<b>8,285</b>	<b>-</b>	<b>456</b>
Other Government Grants	<b>-</b>	<b>514,826</b>	<b>(135,049)</b>	<b>-</b>	<b>-</b>	<b>379,777</b>
Pension reserve	<b>(1,239,000)</b>	<b>(189,000)</b>	<b>(321,000)</b>	<b>185,000</b>	<b>(1,159,000)</b>	<b>(2,723,000)</b>
	<b>(371,443)</b>	<b>7,844,071</b>	<b>(8,034,092)</b>	<b>245,254</b>	<b>(1,159,000)</b>	<b>(1,475,210)</b>
<b>Restricted fixed asset funds</b>						
General Fixed Asset Fund	<b>4,100,390</b>	<b>639,881</b>	<b>(401,457)</b>	<b>25,596</b>	<b>-</b>	<b>4,364,410</b>
Total restricted funds	<b>3,728,947</b>	<b>8,483,952</b>	<b>(8,435,549)</b>	<b>270,850</b>	<b>(1,159,000)</b>	<b>2,889,200</b>
Total of funds	<b>3,912,931</b>	<b>9,343,181</b>	<b>(8,800,459)</b>	<b>-</b>	<b>(1,159,000)</b>	<b>3,296,653</b>

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

GAG represents funds to be used to cover the normal running costs of the Academy Trust.

Other DfE/EFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

DfE/EFA capital grants funds is to provide the Academy Trust with its own capital money to address improvements to buildings and other facilities. The balance on the fund represents unspent capital grant money to be spent in the first school term of 2016/2017.

The Restricted fixed asset fund represents the leasehold land and buildings and other assets which were donated upon conversion to academy status, the value of fixed assets purchased since conversion including depreciation to the balance sheet date.

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 2016.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**18. Statement of funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Bennett Memorial Diocesan School	<b>1,510,795</b>	1,051,541
Brenchley and Matfield CofE Primary School	<b>104,053</b>	-
Sir Henry Fermor CofE Primary School	<b>40,395</b>	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	<b>1,655,243</b>	1,051,541
Restricted fixed asset fund	<b>4,364,410</b>	4,100,390
Pension reserve	<b>(2,723,000)</b>	(1,239,000)
	<hr/>	<hr/>
Total	<b>3,296,653</b>	3,912,931
	<hr/>	<hr/>

**Analysis of academies by cost**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciat- ion £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Bennett Memorial Diocesan School	<b>5,011,648</b>	<b>716,619</b>	<b>707,328</b>	<b>1,342,622</b>	<b>7,778,217</b>	7,641,491
Brenchley and Matfield CofE Primary School	<b>184,028</b>	<b>26,190</b>	<b>24,779</b>	<b>35,269</b>	<b>270,266</b>	-
Sir Henry Fermor CofE Primary School	<b>446,071</b>	<b>51,852</b>	<b>31,884</b>	<b>142,768</b>	<b>672,575</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>5,641,747</b>	<b>794,661</b>	<b>763,991</b>	<b>1,520,659</b>	<b>8,721,058</b>	7,641,491
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**19. Analysis of net assets between funds**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Restricted fixed asset funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Tangible fixed assets	-	-	<b>4,207,299</b>	<b>4,207,299</b>	4,100,390
Current assets	<b>407,453</b>	<b>2,074,091</b>	<b>157,111</b>	<b>2,638,655</b>	1,811,489
Creditors due within one year	-	<b>(826,301)</b>	-	<b>(826,301)</b>	(759,948)
Provisions for liabilities and charges	-	<b>(2,723,000)</b>	-	<b>(2,723,000)</b>	(1,239,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>407,453</b>	<b>(1,475,210)</b>	<b>4,364,410</b>	<b>3,296,653</b>	3,912,931
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	542,722	(43,391)
<b>Adjustment for:</b>		
Depreciation charges	66,001	60,666
Dividends, interest and rents from investments	(18,828)	(11,492)
(Increase)/decrease in debtors	(174,521)	5,486
Increase in creditors	66,353	203,266
Capital grants from DfE and other capital income	(492,567)	(171,555)
Defined benefit pension scheme obligation inherited	189,000	-
Defined benefit pension scheme cost less contributions payable	87,000	83,000
Defined benefit pension scheme finance cost	49,000	47,000
Assets inherited on conversion	(147,314)	-
<b>Net cash provided by operating activities</b>	<b>166,846</b>	<b>172,980</b>

**21. Analysis of cash and cash equivalents**

	2016 £	2015 £
Cash in hand	2,336,056	1,683,411
<b>Total</b>	<b>2,336,056</b>	<b>1,683,411</b>

**22. Conversion to an academy trust**

On 1 April 2016 Sir Henry Fermor Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Tenax Schools Trust from East Sussex County Council for £Nil consideration.

On 1 May 2016 Brenchley and Matfield Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Tenax Schools Trust from Kent County Council for £Nil consideration.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities .

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**22. Conversion to an academy trust (continued)**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Computer equipment - Sir Henry Fermor Church of England Primary School	-	-	2,265	2,265
Computer equipment - Brenchley and Matfield Church of England Primary School	-	-	12,049	12,049
Budget surplus/(deficit) on LA funds - Sir Henry Fermor Church of England Primary School	82,034	-	-	82,034
Budget surplus/(deficit) on LA funds - Brenchley and Matfield Church of England Primary School	65,795	-	-	65,795
Leasehold land and property for Sir Henry Fermor CofE Primary School	-	-	50,000	50,000
Leasehold land and property for Brenchley and Matfield CofE Primary School	-	-	83,000	83,000
LGPS pension deficit - Brenchley and Matfield Church of England Primary School	-	(189,000)	-	(189,000)
Net assets/(liabilities)	<u>147,829</u>	<u>(189,000)</u>	<u>147,314</u>	<u>106,143</u>

The above net assets/liabilities include £147,829 transferred as cash.

Long-term leasehold land and property comprises land and property occupied on 125 year leases granted from Kent County Council and East Sussex County Council to The Tenax Schools Trust for the use of the sports fields at Sir Henry Fermor CofE Primary School and Brenchley and Matfield CofE Primary School.

**23. Pension commitments**

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County Council and East Sussex County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £74,398 were payable to the schemes at 31 August 2016 (2015: £67,154) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**23. Pension commitments (continued)**

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

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £669,569 (2015: £507,853).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £243,000 (2015: £211,000), of which employer's contributions totalled £186,000 (2015: £160,000) and employees' contributions totalled £57,000 (2015: £51,000). The agreed contribution rates for future years are 19.8% for employers and 5.5% to 12.5% for employees.

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

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**23. Pension commitments (continued)**

**Kent County Council Pension Fund**

**Principal actuarial assumptions:**

	<b>2016</b>	<b>2015</b>
Discount rate for scheme liabilities	<b>2.20 %</b>	<b>4.00 %</b>
Rate of increase in salaries	<b>4.10 %</b>	<b>4.40 %</b>
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	<b>2.60 %</b>

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

	<b>2016</b>	<b>2015</b>
Retiring today		
Males	<b>22.9</b>	<b>22.8</b>
Females	<b>25.3</b>	<b>25.2</b>
Retiring in 20 years		
Males	<b>25.2</b>	<b>25.1</b>
Females	<b>27.7</b>	<b>27.6</b>

**East Sussex County Council Pension Fund**

**Principal actuarial assumptions:**

	<b>2016</b>
Discount rate for scheme liabilities	<b>2.10 %</b>
Rate of increase in salaries	<b>4.10 %</b>
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>

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

	<b>2016</b>
Retiring today	
Males	<b>22.2</b>
Females	<b>24.4</b>
Retiring in 20 years	
Males	<b>24.2</b>
Females	<b>26.7</b>

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**23. Pension commitments (continued)**

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

	<b>Fair value at 31 August 2016 £</b>	<b>Fair value at 31 August 2015 £</b>
Equities	<b>1,682,000</b>	1,125,000
Debt instruments	<b>254,000</b>	199,000
Property	<b>336,000</b>	223,000
Cash	<b>64,000</b>	43,000
Target return portfolio	<b>95,000</b>	72,000
Bonds	<b>46,000</b>	-
	<hr/>	<hr/>
Total market value of assets	<b>2,477,000</b>	1,662,000
	<hr/>	<hr/>

The actual return on scheme assets was £293,000.

The amounts recognised in the Statement of Financial Activities are as follows:

	<b>2016 £</b>	<b>2015 £</b>
Current service cost (net of employee contributions)	<b>(272,000)</b>	(242,000)
Net interest cost	<b>(49,000)</b>	(47,000)
	<hr/>	<hr/>
Total	<b>(321,000)</b>	(289,000)
	<hr/>	<hr/>

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

	<b>2016 £</b>	<b>2015 £</b>
Opening defined benefit obligation	<b>2,901,000</b>	2,598,000
Upon conversion	<b>515,000</b>	-
Current service cost	<b>272,000</b>	242,000
Interest cost	<b>124,000</b>	107,000
Contributions by employees	<b>57,000</b>	51,000
Actuarial losses/(gains)	<b>1,377,000</b>	(60,000)
Benefits paid	<b>(46,000)</b>	(37,000)
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Closing defined benefit obligation	<b>5,200,000</b>	2,901,000
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**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**23. Pension commitments (continued)**

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

	2016 £	2015 £
Opening fair value of scheme assets	1,662,000	1,451,000
Upon conversion	326,000	-
Return on plan assets (excluding net interest on the net defined pension liability)	75,000	60,000
Actuarial gains and (losses)	218,000	(22,000)
Contributions by employer	186,000	160,000
Contributions by employees	57,000	51,000
Benefits paid	(46,000)	(37,000)
Administration expenses	(1,000)	(1,000)
Closing fair value of scheme assets	<u>2,477,000</u>	<u>1,662,000</u>

**24. Operating lease commitments**

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

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	16,468	24,326
Between 1 and 5 years	35,061	63,942
Total	<u>51,529</u>	<u>88,268</u>

**25. Members' liability**

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



**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**26. 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 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 Rochester Diocesan Board own the legal title of the land and freehold property where the academy is situated therefore only the value of the land that is owned by the academy trust, comprising the school sports field and driveway, is included in these financial statements. There is no formal lease in place and the Rochester Diocesan Board do not charge any rent for the use of the property.

During the year £37,000 (2015: £Nil) was received from the Bennett Memorial Diocesan School Charity as a contribution towards the chaplain salary and other general charity administration expenses. During the year £2,500 (2015: £Nil) was received as a contribution towards the Founders Day and Head Discretionary Fund. During the year £Nil (2015: £2,846) was received as a contribution towards revenue expenditure on the Duke of Edinburgh Award. During the year £Nil (2015: £5,000) was received from the Bennett Memorial Diocesan School Charity as a contribution towards revenue expenditure on the 3G pitch.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**27. First time adoption of FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

<b>Reconciliation of total funds</b>	<b>Notes</b>	<b>1 September 2014 £</b>	<b>31 August 2015 £</b>
Total funds under previous UK GAAP		3,912,931	3,163,653
Total funds reported under FRS 102		<u>3,912,931</u>	<u>3,163,653</u>

<b>Reconciliation of net (expenditure)</b>	<b>Notes</b>	<b>31 August 2015 £</b>
Net (expenditure) previously reported under UK GAAP		(10,391)
Change in recognition of LGPS interest cost	A	(33,000)
Net movement in funds reported under FRS 102		<u>(43,391)</u>

**Explanation of changes to previously reported funds and net income/expenditure:**

A	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £33,000 and increase the credit in other recognised gains and losses in the Statement of financial activities by an equivalent amount.
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