

COMPANIES HOUSE

**Kennet School Academies
Trust**

**Annual Report and Financial
Statements**

Year to 31 August 2020

Company Limited by Guarantee
Registration Number
07543874 (England and Wales)

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COMPANIES HOUSE

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Reference and administrative information Year to 31 August 2020

Members	Ms A Andrews Ms K Bahia Mr P Trincas
Members and Directors	Reverend M Bennet Mr M Cole
Directors	Mr N Cornish Dr E Crossman Mrs R Ebdon Mrs M Harrison Mr K Hillerton Mr M Keogh Mr A James Mr N Margeson Mrs G Piper
Senior Management Team	Mrs G Piper Mr C Ellison Mrs G Ronksley Mrs K Odenwälder Miss T Dowling Mr G Clegg Mr M Irving Mrs M Phillips Mrs Y Standing Miss E Hobbs
Executive Headteacher and Accounting Officer	Mrs G Piper
Principal and registered office	Kennet School Stoney Lane Thatcham Berkshire RG19 4LL
Company registration number	07543874 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC 6 Northbrook Street Newbury Berkshire RG14 1DJ

Reference and administrative information Year to 31 August 2020

Solicitors	Veale Wasbrough Vizards LLP Orchard Court Orchard Lane Bristol BS1 5WS
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Directors' report Year to 31 August 2020

The Directors of Kennet School Academies Trust (the Trust) present their statutory report and financial statements for the year ended 31 August 2020. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes the directors' report for the purposes of Companies Act 2006. Sections on 'achievements and performance', 'financial review', 'principal risks and uncertainties' and 'plans for future years', included within the directors' report, meet the requirements for a strategic report as outlined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 36 of the attached financial statements and comply with the Trust's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

The Trust is a company limited by guarantee (Company registration no. 07543874). Initially incorporated on 25 February 2011 as a single academy known as Kennet School, on 1 January 2014 the Trust became a Multi-Academy Trust, incorporating Whitelands Park Primary, and on 1 September 2019 Francis Baily Primary joined the Trust, both are feeder schools. The Trust is also an exempt charity. The Memorandum and Articles of Association dated 1 January 2014 and master funding agreement executed on 22 August 2019, alongside separate supplemental funding agreements for each Academy within the Trust are the primary governing documents for the Trust. There are also two deeds of variation executed to the supplemental funding agreements. One deed of variation is for Whitelands Park executed 28 August 2016 (amending its capacity to 419) and the second is for Kennet executed 22 August 2019 (amending its capacity to 1,881).

The Members of the Trust comprise the signatories to the Trust's Memorandum of Association, the chairman of the Directors and any person appointed by article 16 of the Articles of Association. The Articles of Association require there to be no fewer than three Members.

The principal activity of the Trust is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Members' liability

Every Member of the Trust undertakes to contribute to the assets of the Trust 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, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

Directors' report Year to 31 August 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The Trust is governed by a Board of Directors who manage the affairs of the Trust and are responsible for its day to day running under company law. The number of Directors is not subject to any maximum but again the Articles of Association require that there are no fewer than three Directors. The following were in office and served throughout the year ended 31 August 2020 except as noted:

Members	Appointed	Resigned
Prof. DS Mottram (Chair of Trust to 18 July 2020)		18 July 2020
Ms K Bahia		
Mr P Trincas		
Ms A Andrews (Chair of Trust from 19 July 2020)	1 June 2020	

Members and Directors	Appointed	Resigned
Mr M Cole (Chair of Directors)		
Reverend M Bennet		

Directors	Appointed	Resigned
Mr N Cornish		
Dr E Crossman		
Mrs R Ebdon		
Mrs M Harrison		
Mr K Hillerton	24 February 2020	
Mr M Irving (Staff)		19 October 2019
Mr M Keogh (Staff)		
Mr A James	11 December 2019	
Mr N Margeson		
Mrs G Piper (Executive Head)		

The day to day running of the Trust is delegated to the Executive Headteacher, supported by the Senior Leadership Teams at both Academies and the Bursar.

Senior Leadership Team (Kennet)

Mrs G Piper	Executive Head
Mr C Ellison	Deputy Headteacher
Mrs G Ronksley	Deputy Headteacher
Mrs K Odenwälder	Assistant Headteacher
Miss T Dowling	Assistant Headteacher
Mr G Clegg	Assistant Headteacher
Mr C Adams	Assistant Headteacher (from 1 st Jan 2020)

Primary Senior Leadership Team

Mr M Irving	Headteacher (Whitelands)
Mrs Y Standing	Headteacher (Francis Baily)
Mrs M Phillips	Deputy Headteacher (Whitelands)
Miss E Hobbs	Assistant Headteacher (Francis Baily)

Bursar

Mrs A J Humphreys	Bursar
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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors' remuneration

No Director received any remuneration in respect of their duties as Directors during the year ended 31 August 2020 (2019 – none). Mrs G Piper was remunerated in the position of Executive Headteacher, Mr M Keogh was remunerated as a teacher at Kennet School and Mr M Irving as Headteacher of Whitelands Park Primary School.

Honorary officers

There are no honorary officers.

Directors' organisation, recruitment, appointment and training

The Articles of Association define that the Trust shall have the following number and classes of Directors:

- ◆ Up to 9 Directors appointed by the members;
- ◆ The Executive Headteacher;
- ◆ Any Staff Directors, if appointed by the members under Article 50A; and
- ◆ A minimum of two Parent Directors unless there are Local Governing Bodies which include at least two parent governors.

The Trust may also have any Co-opted Director appointed under Article 58. The Trust had no Co-opted Directors during or at the year ended 31 August 2020.

As both Academies within the Trust have Local Governing Bodies, which include at least two parent governor representatives, all Directors of Kennet School Academies Trust (as listed in the table on page 4) are appointed Directors, except for those whose class is listed.

Key considerations for appointment of Directors include personal competence, professional and specialist skills and a deep commitment to the Trust. New Directors undertake induction to the workings of the Trust. Training is offered to all Directors and is provided through a number of sources. Directors, with the sole exception from 2019-20 of the Executive Head, who is the Accounting Officer, are appointed for a four year term. At the end of this period they can offer themselves for re-appointment.

The Directors meet at least three times a year. The Directors have delegated powers and duties to the work of committees, but not responsibility, nor any reserved matters that always remain the remit of the Directors. The Trust operates with Finance, Safeguarding, Pay and Risk Committees.

Each Academy in the Trust has its own Local Governing Body. The Directors' Committees and the Local Governing Bodies always meet prior to a Trust meeting to provide timely reporting and monitoring to the Directors.

Other committees of the Trust that are formed as required cover disciplinary matters and appeals.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors' indemnities

Subject to the provisions of the Companies Act 2006 every Director or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust. Indemnity insurance is in place, held by the Trust.

Arrangements for setting pay and remuneration of key management personnel

The setting of pay and remuneration for the Executive Head is undertaken by a pay Committee in consultation with external specialist advice. This panel review and appraise the Executive Head's performance, set objectives and determine her pay. A Director, along with the Executive Head, and a governor, usually the Chair, of each Local Governing Body undertake the review for the Primary Headteachers. Pay determinations are made in accordance with the Trust's pay policies and pay scale ranges for leadership. All other pay reviews of senior staff at Kennet are delegated to the Executive Head. Pay reviews of senior staff at the two Primary Schools are delegated to each Primary Headteacher, respectively.

Trade Union facility time

The provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Academy Trust to publish the following information.

Number of employees	Number	Full-time equivalent
Relevant union officials during 1 st April 2019-31 st March 2020	1.0	1.0

Percentage of time spent on Trade Union facility time	Number
0%	1
1% - 50%	
51% - 99%	
100%	

Percentage of pay bill spent on Trade Union facility time	£	Percentage
Total cost of facility time	0	0%
Total pay bill	£10,182,837	
Percentage of the total pay bill spent on facility time.	0%	

Paid Trade Union activities	Hours	Percentage
Hours spent on paid facility time	0	
Hours spent on paid Trade Union activities	0	
Percentage of the total paid facility time hours spent on paid Trade Union activities	0	

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related Parties and other Connected Charities and Organisations

All schools in the Trust benefit enormously from the activities and donation of funds raised by volunteers that comprise Kennet PTA (registered Charity Number 1106961), Friends of Kennet Music ('FoKM'), Friends of Whitelands ('FoW') and Francis Baily PTA. All are unincorporated charities and all have made donations for 2019-20 of huge benefit to the schools in the Trust despite the changed circumstances and restrictions placed on events by COVID-19. The Directors extend their thanks to all parents and staff who have contributed their time, willingly and freely, to secure and generate these funds.

Engagement with employees (including disabled persons)

Directors have a duty to promote the success of the Trust and decisions taken by Directors have regard to long term and real consequences for its employees. In 2019-20 Directors through the Pay Committee, reviewed and amended the Trust's Pay Policy, which was then consulted with employees. Directors have also been mindful of guidance and the obligations on the Trust with regard to contingent employees. Directors were also specifically having regard to employees through their direct involvement in the preparation and on-going review of the Trust's COVID-19 Risk Assessments for the opening and operating of all three schools in September 2020. Pre COVID-19, Directors engagement with employees was through attendance at school events and visits and consideration of employee interests in the decisions taken and policies set for the Trust.

Engagement with suppliers, customers and others in a business relationship with the trust

Directors have regard to ensuring there is a good professional relationship with all stakeholders. For suppliers the Trust have prompt payment practices and have for catering contracts during COVID-19 implemented and followed the DfE's guidance in Procurement Policy Notes published March (PPN02/20) and June (PPN04/02). Engagement with parents and pupils is ordinarily through attendance at school events and visits.

OBJECTIVES AND ACTIVITIES

Objectives

When setting the objectives of the Trust for the period, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education.

The core purpose of the Trust is unapologetically focused on securing the very best academic results for every pupil at every stage of their educational journey at each and every school in the Trust. For 2019-20, the Trust was focused initially on completing its transition to three schools and developing its leadership as it grew. The middle of the year from February saw plans rapidly put in place to prepare staff and pupils at all three schools for the remote delivery of lessons whilst also readying the Trust for the provision of on-site education to vulnerable pupils and pupils of key workers. The Trust was so successful in this regard that it was the feature of a case study for West Berkshire Local Authority.

OBJECTIVES AND ACTIVITIES (continued)

Objectives (continued)

The mission of the Trust is to secure the best academic results for every pupil and is underpinned by:

- ◆ Creating a caring, safe and stimulating environment within the schools ensuring safeguarding is prioritised in every respect.
- ◆ Securing the well-being and happiness of each pupil at every stage of their educational journey.
- ◆ Fostering the intellectual, social, moral and physical development of every pupil.
- ◆ Enabling all pupils to experience success and be excited by their personal potential.
- ◆ Meeting the needs of society by ensuring our pupils understand and develop the essential skills to contribute and improve their community and environment.
- ◆ Providing a broad, balanced and differentiated curriculum which enables pupils to achieve and thrive.
- ◆ Cultivating pupils' academic curiosity along with the ability to explore answers.
- ◆ Creating exceptional life chances for all our pupils across all our schools.

Aims and intended impact

The aim, quite simply, is to ensure every pupil leaves the Trust with exceptional life chances, a confident and vibrant character and the ability to grow into responsible and fulfilled adults. .

STRATEGIC REPORT

Achievements and performance

The year of 2019-20 has seen both growth of the Trust and a confirmation that the Trust and its Leadership are absolutely focused with clear purpose, energy and ambition on securing the best education for all of the pupils in the Trust.

Education provision to pupils, as for all schools, was tested during the COVID-19 pandemic but at the Trust the on-going delivery of lessons through remote platforms alongside the pastoral support for pupils and staff has been exemplary and a beacon within West Berkshire Local Authority. This focus and approach adopted to delivering remote learning was then followed through in the Summer Term. The Trust's Leadership continued apace with school improvement and development. A pupil centred approach was applied to the planning and preparation for deployment from day one of opening in the Autumn term. A new curriculum has been implemented at both primary schools with a strong subject leadership focus and at Kennet the school day was revised to give time and resource to a recovery curriculum designed to run alongside its existing curriculum.

STRATEGIC REPORT (continued)

Key Performance Indicators

There are two key measures assuring the Trust's achievements against its objectives.

The first measure is the judgement Ofsted makes on the Trust's schools. In May 2016, Kennet was rated Outstanding (previously Requires Improvement) and in December 2016 Whitelands was rated Good in its first judgement as an academy after being placed as a Local Authority school into Special Measures. Francis Baily joined the Trust rated Good in June 2016.

The second measure is pupil numbers, assuring both educational and financial health, particularly in recent times of meeting on-going funding challenges. Healthy pupil numbers also indicate and reflect the confidence that local parents have in the Trust.

Pupil Numbers	Kennet	Whitelands	Francis Baily
Oct 2017	1,759	314	
Oct 2018	1,818	347	
Oct 2019	1,814	341	581
Oct 2020	1,819	358	586

Going concern

Assessing the future financial robustness of the Trust in the current circumstances is not straightforward, however, having made appropriate enquiries regarding forecasts for 2020-21 which take into account additional costs associated with COVID-19, the timing of cash flows, the following two years pupil number projections and the 2021-22 National Funding Formula guaranteed minimum pupil rates, the Directors have a reasonable expectation that the Trust has adequate resources to continue its operational existence for at least 12 months from the date of approval of these financial statements. For this reason, it continues to adopt the going concern basis in preparing financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Promoting the success of the company

Directors are very clear about their duties and are charged with acting in a way that is most likely to promote the success of the company. The year 2019-20 has presented unprecedented challenges for all companies in implementing safe and sustainable working environments for its employees and pupils, whilst continuing to provide the best possible educational provision. The Directors have been proactively engaged in ensuring that the Trust has delivered on both of these to a high standard notwithstanding the COVID-19 pandemic and feel rightly proud of the contribution the Trust continues to make to its community of Thatcham and surrounding villages.

STRATEGIC REPORT (continued)

Financial review

Financial report for the year

Kennet School Academies Trust presents its report and financial statements for the period 1 September 2019 to 31 August 2020. At 31 August 2020, the Trust held fixed assets of £26,768,000 (2019 – £22,951,000) and cash of £793,000 (2019 – £281,000).

The uncrystallised LGPS pension liability has increased to £8,837,000 from £5,332,000. The Directors do not, under their reserves policy, need to designate any of their existing funds to meet future pension commitments. This position is supported by actuarial advice sought and the Parliamentary Minute that provides for a guarantee by the Department for Education to meet any outstanding LGPS liabilities in the event of an academy closure. The guarantee came into force on 18 July 2013.

The actuarial valuation of the pension liability was fully reviewed on 31 March 2019 by the LGPS, the date for the latest triennial pension funding valuation, as opposed to the accounting valuation reported within these financial statements. The 31 March 2019 LGPS funding valuation set employer contribution rates for the period 1 April 2020 to 31 March 2023. The rate from 1 April 2020 was 19.6%, which was the rate in force from 1 April 2019. From 1 April 2021, the rate becomes 20.6% and from 1 April 2022 there will be a subsequent rate increase to 21.6%. None of the LGPS increases at either this or the previous triennial review have been subject to specific additional funding from the DfE, indeed all will have been funded by the Trust, specifically the increase from 16.3% to 21.6% that has been implemented seen since 2011.

The conversion of Francis Baily on 1 September 2019 added £3,378,000 of fixed assets, £213,000 of cash and a LGPS pension deficit accounting valuation on transfer of £1,394,000.

During the year ended 31 August 2020, income comprised both grant funding from the Education and Skills Funding Agency (ESFA) and other income. Income for the year amounted to £18,121,000 (2019 – £12,286,000) and exceeded total expenditure in the Trust of £15,990,000 (2019 – £12,766,000), including the depreciation charge.

Excluding the transfer on conversion of Francis Baily, the Basic Need funded Computer Hub donated to Kennet School (both donated by West Berkshire Local Authority) and depreciation, total expenditure was £15,092,000 and the income was £15,092,000.

The in-year position surplus from the change in balance of restricted general funds (excluding pension reserves) plus unrestricted funds and excess of income over expenditure means that reserves as at 31 August 2020 now stand at £424,000. (2019 – £110,000).

STRATEGIC REPORT (continued)

Reserves policy

Reserves are held by the Trust to ensure it can operate effectively, specifically to:

- ◆ meet any emergency or unexpected needs for funds for example: urgent repairs or falls in pupil numbers;
- ◆ provide time to take action should funding levels fall; and
- ◆ provide working capital to cover cashflow variations.

As at 31 August 2020, the level of free reserves was £424,000 of total funding (2019 – £110,000).

Whitelands Park Primary had free reserves of £1,000 at 31 August 2020 (2019 – £1,000), Kennet £171,000 (2019 – £98,000), Francis Baily £252,000 (2019 - £nil) and Central Services £nil (2019 – £10,000).

As part of the Trust's reserves policy, Directors give careful consideration to the cash flow implications that arise from increased or decreased contributions to defined benefit pension schemes. Where contributions can be met from projected future income without significant impact on the levels of activity then Directors will not designate any of their existing funds to meet future pension commitments. Where contribution increases would cause uncertainty or would result in a curtailment of activities, Directors would seek actuarial and legal advice and prudently create a designation of existing funds.

Directors continue to review reserves at the three schools in the Trust and are very aware of their responsibilities to ensure that the good financial health of the Trust is maintained in the face of the immediate operational challenges presented by COVID-19 and recognise the essential role that financial stability plays in the delivery of high quality education.

In the presence of on-going pressures on employment costs, the Directors remain committed to building the reserves at each school to around 3% (+/- 0.5%) of total funding. This requires Kennet to continue to add to reserves incrementally, for Whitelands Park to add significantly to its reserves and for Francis Baily to ensure appropriate investment in the school's physical environment and learning resources.

The main driver enabling this is growth in pupil numbers, as detailed on page 9, under Key Performance Indicators. Directors carefully track and respond to any growth or decline in pupil numbers as it is vital to securing financial health alongside careful planning in the delivery of a broad and balanced curriculum at its three schools.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties managed by Directors for the three schools in 2019-20 are the responses to on-going funding challenges and general data protection.

Risk management

The Directors are responsible for the management of the risks faced by the Trust. In 2019-20 the Trust reviewed its Governance and Committee structures and as part of that has put in place a Risk Committee.

The Trust has always had in place a risk management strategy and process to identify and prioritise strategic risks formally in each of its schools. This risk management has always been wider than just financial risks and has always consistently included contingency planning and business continuity management.

This process has continued for the three schools in 2019-20 but is now overseen by a sub-committee of Directors who will report each term presenting for review a Trust risk register and a programme of risk based internal scrutiny.

The risk management process involves identifying the types of risk each academy faces then scoring and prioritising them in terms of their potential impact and likelihood in order to derive a ranked risk factor. This process also identifies a response, action plan and person responsible.

The two principal risks that have been subject to detailed review in 2019-20 are:

- ◆ Operational COVID-19: the DfE has made clear to all schools and accounting officers that while COVID-19 remains in the community all Academy Trusts must minimise the risks by maximising control measures and ensure full on-going education provision alongside funded catch up provision both in school and remotely with no immediate plans to reimburse additional costs.
- ◆ Long Term Demand: there has been a fall in the number of primary pupils in Thatcham and this is expected to continue for the next 2-3 years. Although this has not materialised in the September 2019 or September 2020 reception intakes for either of Trust's two primary schools, it does remain a risk and a concern for West Berkshire Local Authority. It is not expected to remain long-term as significant housing development is being sought by developers for Thatcham.

PLANS FOR FUTURE YEARS

The Directors are keen to see the Trust continue to grow within its local area where there are educational benefits or economies of scale to be gained for our community.

Directors are also mindful of, and recognise the need for and the time required, to consolidate following any growth. This is to ensure all new schools joining the Trust fully absorb the culture of ambition, energy and moral purpose that is at the heart and core of the Trust's Leadership, as well as maximising and leveraging the Trust's expertise across the expanded Trust.

Directors' report Year to 31 August 2020

PLANS FOR FUTURE YEARS (continued)

The immediate short term plan and priority for 2020-21 is to continue to deliver for a full educational provision alongside any required recovery curriculum whilst COVID-19 remains in the community. The Trust is mindful too that its schools have a responsibility to show and educate the pupils now in our care to thrive and cope with the challenges COVID-19 has brought, not only for their immediate well-being but also because they may in their futures be managing such circumstances.

STREAMLINED ENERGY AND CARBON REPORTING

The Trust reports against the new reporting below:

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption break down (kWh / litres)	
• Gas (kWh)	1,688,301
• electricity (kWh)	771,096
• transport fuel (litres)	10,397
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas Consumption	310.428
Owned transport – mini-buses	10.397
Total Scope 1	320.825
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	179.773
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel by rail	88.227
Business travel in employee owned vehicles	1.03
Total Scope 3	89.257
Total gross emissions in metric tonnes CO2e	589.855
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.216

STREAMLINED ENERGY AND CARBON REPORTING (continued)

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines and used the Carbon Trust Conversion factors and Workbook which uses factors from BEIS' greenhouse gas conversion factors for company reporting, published in June 2020.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have maximised opportunities to improve the physical environment through installing LED lighting and replacing roofs, windows and boilers. COVID-19 has also seen staff embrace a move to remote meetings reducing the need for travel between sites.

EQUAL OPPORTUNITIES

The Equality Act 2010 provides a single, consolidated source of discrimination law, covering all the types of discrimination that are unlawful replacing all previous equality legislation. It introduced a Single Public Sector Equality Duty, which applies to the Trust to eliminate discrimination, to advance equality of opportunity within our community and to foster good relations there too. The Trust wholeheartedly supports and endorses the Single Public Sector Equality Duty and also the subsequent reasonable adjustment duty that came into force on 1 September 2012.

Equal opportunities are an integral part of good practice within the work place for the Trust's employees as well as in the education provided to our pupils. Everyone is held to be of equal value. No exceptions.

Equality objectives are set every four years and were last reviewed and set in 2016 with progress and performance against those objectives being reviewed annually and published on the schools' websites. New objectives will be published in 2020-21.

FUNDS HELD AS CUSTODIAN ON BEHALF OF OTHERS

No such funds are held.

Directors' report Year to 31 August 2020

AUDITOR

Each of the Directors confirms that:

- ◆ so far as the Director is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- ◆ the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

The report of the Directors, incorporating a strategic report, approved by order of the Board of Directors on Wednesday 2 December 2020 and signed on its behalf by:

Michael Cole

Mr Michael Cole
Chair of Directors, Kennet School Academies Trust

Governance statement Year to 31 August 2020

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Kennet School Academies 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 Directors has delegated the day-to-day responsibility 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 Trust and the Secretary of State for Education to the Executive Headteacher. The Executive Headteacher is also responsible for reporting to the Directors any material weaknesses or breakdowns in internal control.

Governance

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Directors has formally met 5 times during the year and these meetings were supplemented by 9 meetings across its 3 sub-committees. Attendance during the year at meetings of the Directors' was as follows:

Director	Number of meetings attended	Out of a possible
Reverend M Bennet (Chair to 15 July 2020)	5	5
Mr M Cole (Chair from 15 July 2020)	5	5
Mrs G Piper (Executive Headteacher)	5	5
Mr N Cornish	5	5
Dr E Crossman	5	5
Mrs R Ebdon	4	5
Mrs M Harrison	3	5
Mr K Hillerton	2	3
Mr A James	4	4
Mr M Keogh (Staff)	4	5
Mr N Margeson	5	5

Governance reviews

The Trust has had two external formal governance reviews. Following the growth of the Trust with Francis Baily, the advice from the Regional School Commissioner's Office was that the Trust should seek to strengthen its Board with independent primary representation. Mr Matthew Irving, Headteacher at Whitelands Primary, stepped down as a Director of the Trust on 19 October 2019 and on 24 February 2020 Mr Ken Hillerton, Deputy Head at Charvil Piggott Primary School and a parent at Francis Baily was appointed.

Members, who appoint the Directors continually consider the composition of the Board to review effectiveness and against the Academies Financial and Governance Handbooks. Within 2019-20 there has been an internal review putting in place Directors focused on Health & Safety and Primary as well as the introduction of the Risk Committee.

Governance statement Year to 31 August 2020

Finance committee

The Finance Committee is a sub-committee of the main Board of Directors. It is responsible for ensuring that there are effective financial governance arrangements to manage all of the Trust's funds and in particular ensure that every school in the Trust develops financial plans to secure a balanced budget to ensure sustainability, stability and on-going liquidity.

Attendance at meetings in the year was as follows:

Director	Number of meetings attended	Out of a possible
Mr M Cole (Chair)	3	3
Reverend M Bennet	2	3
Mrs G Piper (Executive Headteacher)	3	3
Mr M Keogh (Staff)	3	3
Mrs R Ebdon	3	3
Mrs M Harrison	3	3
Mr N Margeson	2	3

Review of value for money

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

The Trust during the pandemic also followed the principles contained in DfE guidance issued to schools through Procurement Policy Notes 01/20, 02/20 and 04/20s in relation to its catering contracts and payments to contingent workers. These notes provided information and guidance for public bodies that are contracting authorities on options open to them to support critical suppliers 'at risk' due to COVID-19 on a continuity and retention basis so they are better able to cope with current challenges and to resume normal service delivery and fulfil their contractual obligations when the outbreak is over.

COVID-19 adversely impacted the Trust's ability to raise its own funds through lettings and catering income but by far the most significant loss was for the two primaries and impact of lockdown which removed their income stream for clubs staffed but funded entirely from parents for childcare provision. The Trust considered carefully and studied the Government's guidance on its job retention scheme and the published guidance and conditions from the DfE on its applicability to schools. The Trust did not make a claim. The Trust did submit a claim for reimbursement of exceptional costs associated with COVID-19 costs for the period from March to July 2020. The claim covered three exceptional cost areas and more details can be found on page 38.

The Trust delivered and improved value for money by continuing to develop the physical environment in all three schools. At Francis Baily, this was through extending teaching space to three Key Stage 1 classrooms to better accommodate the class sizes. At Whitelands, this was the refurbishment of toilets to limit disruption to learning in Years 5 and 6. At Kennet, two sets of toilets were refurbished to continue this programme of refurbishment started in 2018. The Trust, in Summer 2020, secured funding through the DfE's Condition Improvement Fund for two projects, the first to secure the site perimeters at Francis Baily and Kennet and the second to refurbish the kitchen at Whitelands.

Governance statement Year to 31 August 2020

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 the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised, to evaluate the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Trust for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal, appropriate on-going process for identifying, evaluating and managing the Trust's significant risks. This process is regularly reviewed by the Board of Directors.

The risk and control framework

In 2019-20 Directors reviewed its Governance and Committee structures and has put in place a Risk Committee. The Trust has always had in place a risk management strategy and process to identify and prioritise strategic risks formally in each of its schools and this has always included contingency and business continuity and been wider than just financial risks. This process has continued for the three schools in 2019-20 but now reports to the Risk sub-committee of Directors who will report to the Directors termly with a Trust risk register for review but also on its programme of risk based internal scrutiny for 2020-21.

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- ◆ regular reviews by the Finance 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; and
- ◆ identification and management of risks.

Governance statement Year to 31 August 2020

The risk and control framework (continued)

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor or, given the size of the Trust and the guidance within the Academies Financial Handbook 2019, to have an audit committee. In 2019-20, all audit matters were dealt with through Finance Committee including performing a range of checks on the Trust's financial systems. At Kennet School Academies Trust, the programme of checks and examination of the financial systems and controls are undertaken by Buzzacott LLP who report to a named Director. There has been a programme of checks and tests undertaken at and reported to the Directors for the year ended 31 August 2020 and there were no issues to note. In 2020-21, a wider programme of risk based internal scrutiny will be led by the Risk Committee reporting to the Board of Directors.

Review of effectiveness

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

- ♦ the work of the programme of visits and checks in support of the Finance Committee;
- ♦ the work of the external auditor;
- ♦ the financial management and governance self-assessment process;
- ♦ the work of the Senior Leadership Team within the 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 Committee and ensures continuous improvement of the system is in place.

Approved by order of the Board of Directors and signed on their behalf by:

Michael Cole

Chair of Directors

Gpiper

Executive Headteacher

Approved on: 2 December 2020

Statement on regularity, propriety and compliance Year to 31 August 2020

As Accounting Officer of Kennet School Academies Trust, I have considered my responsibility to notify the Trust Board of Directors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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

Gpiper

Executive Headteacher and Accounting Officer

Date: 2 December 2020

Statement of Directors' responsibilities Year to 31 August 2020

The Directors are responsible for preparing the Directors' report, the strategic report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors 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 Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy Trust will continue in operation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA have been applied for the purposes intended. The Directors are responsible for the maintenance and integrity of the charity and financial information included on the academies' websites. 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 Kennet School Academies Trust and signed on its behalf by:

Michael Cole

Chair of Directors, Kennet School Academies Trust

Date: 2 December 2020

Independent auditor's report on the financial statements Year to 31 August 2020

Independent auditor's report to the members of Kennet School Academies Trust

Opinion

We have audited the financial statements of Kennet School Academies Trust (the 'charitable company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2019 to 2020.

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 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

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

Independent auditor's report on the financial statements Year to 31 August 2020

Other information (covers the reference and administrative details, the report of the directors and strategic report, and the governance statement)

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the directors' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the directors' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report including the strategic report.

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

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

Independent auditor's report on the financial statements Year to 31 August 2020

Responsibilities of trustees

As explained more fully in the directors' responsibilities statement, the directors (who are also the directors 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Edward Finch (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

26/1/21

Independent reporting accountant's report on regularity Year to 31 August 2020

Independent reporting accountant's assurance report on regularity to Kennet School Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 12 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kennet School Academies Trust during the period from 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Kennet School Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Kennet School Academies Trust's funding agreement with the Secretary of State for Education dated 10 May 2016 (alongside a subsequent deed of variation dated 26 August 2016) and the Academies Financial Handbook 2019, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Account Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

Independent reporting accountant's report on regularity Year to 31 August 2020

Approach (continued)

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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date 26/1/21

Statement of financial activities Year to 31 August 2020

	Notes	Unrestricted general fund £'000	Restricted funds		2020 Total funds £'000	2019 Total funds £'000
			General £'000	Fixed assets fund £'000		
Income and endowments from:						
Donations and capital grants	1	29	4	1,082	1,115	806
Transfer on conversion	22	136	(1,346)	3,407	2,197	—
Charitable activities:						
Funding for the academy trust's educational operations	4	201	14,300	—	14,501	11,320
Other trading activities	2	88	220	—	308	160
Total		454	13,178	4,489	18,121	12,286
Expenditure on:						
Raising funds	5	23	—	—	23	21
Charitable activities						
Academy trust educational operations	6	235	14,834	898	15,967	12,745
Total		258	14,834	898	15,990	12,766
Net income/(expenditure)		196	(1,656)	3,591	2,131	(480)
Transfers between funds	14	(14)	(271)	285	—	—
Other recognised losses						
Actuarial losses on defined benefit pension scheme	18	—	(1,446)	—	(1,446)	(808)
Net movement in funds		182	(3,373)	3,876	685	(1,288)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019		37	(5,259)	22,955	17,733	19,021
Total fund balances carried forward at 31 August 2020		219	(8,632)	26,831	18,418	17,733

All of the group's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the Statement of Financial Activities.

Balance sheet Year to 31 August 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible fixed assets	11		26,768		22,951
Current assets					
Debtors	12	409		440	
Cash at bank and in hand		793		281	
		<u>1,202</u>		<u>721</u>	
Liabilities					
Creditors: amounts falling due within one year	13	(579)		(465)	
Net current assets			623		256
Total assets less current liabilities			27,391		23,207
Creditors: amounts falling due after more than one year	14		(136)		(142)
Net assets excluding pension scheme liability			27,255		23,065
Defined benefit pension scheme liability	18		(8,837)		(5,332)
Total net assets			<u>18,418</u>		<u>17,733</u>
Funds of the Academy					
Restricted funds					
. Fixed assets fund	14		26,831		22,955
. Restricted income fund	14		205		73
. Pension reserve	14		(8,837)		(5,332)
Total restricted funds			<u>18,199</u>		<u>17,696</u>
Unrestricted income funds					
. General fund	14		219		37
Total funds			<u>18,418</u>		<u>17,733</u>

The financial statements were approved by the Governors and are signed on their behalf by:

Michael Cole

Chair of Directors

Kennet School Academies Trust
Company Limited by Guarantee
Registration Number: 07543874 (England and Wales)

Date: 24/12/2020

Cash flow Statement Year to 31 August 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	A	(3,679)	(151)
Cash flows from investing activities	C	3,984	11
Cash inflow from financing activities	B	(6)	39
Cash inflow from transfers in		213	—
Change in cash and cash equivalents in the year		512	(101)
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2019		281	382
Cash and cash equivalents at 31 August 2020	D	793	281

A Reconciliation of net (expenditure) income to net cash flow from operating activities

	2020 £'000	2019 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	2,131	(480)
Adjusted for:		
Inherited pension deficit	1,394	—
Inherited tangible assets	(4,210)	—
Inherited cash	(213)	—
Depreciation charges	898	780
Capital grants from DfE and other capital income	(4,489)	(754)
Defined benefit pension scheme cost less contributions payable	538	395
Defined benefit pension scheme finance cost	127	106
(Increase)/decrease in debtors	31	(134)
Increase/(decrease) in creditors	114	(64)
Net cash provided by (used in) operating activities	(3,679)	(151)

B Cash flows from financing activities

	2020 £'000	2019 £'000
Repayments of borrowing	(23)	(10)
Cash inflows from new borrowing	17	49
Net cash provided by/(used in) Financing Activities	(6)	39

Cash flow Statement Year to 31 August 2020

C Cash flows from investing activities

	2020 £'000	2019 £'000
Purchase of tangible fixed assets	(505)	(743)
Capital grants from DfE and other capital income	4,484	754
Capital funding received from sponsors and others	5	—
Net cash provided by/(used in) Operating activities	3,984	11

D Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash in hand and at bank	793	281
Total cash and cash equivalents	793	281

E Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash	281	512	793
	281	512	793
Loans falling due within one year	(23)	(2)	(25)
Loans falling due after more than one year	(142)	6	(136)
Total	116	516	632

Principal accounting policies Year to 31 August 2020

Statement of accounting policies

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

Basis of preparation

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

Kennet Schools Academies Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of 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.

Income

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

Grants

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

Principal accounting policies Year to 31 August 2020

Income (continued)

Grants (continued)

The 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.

Donations

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

Other income

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

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 that contribute to more than one activity and support costs that 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.

Expenditure on raising funds

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

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Principal accounting policies Year to 31 August 2020

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

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

Leasehold Buildings at Conversion	3% pa
Leasehold Buildings	2% pa
Leasehold Buildings – Roof Components	4% and 6.67% pa
Leasehold Building – Portable Building Components	5% pa
Freehold Buildings	2% pa
Furniture and Equipment	20% pa
Computer Equipment	25% pa
Mini Buses	20% pa

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.

Liabilities

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

Leased assets

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

Principal accounting policies Year to 31 August 2020

Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The Academy 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 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.

Pensions benefits

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

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 18, 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.

Principal accounting policies Year to 31 August 2020

Pensions benefits (continued)

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.

Fund Accounting

Unrestricted income funds represent those resources that may be used towards meeting any of the charitable objects of the Trust at the discretion of the Directors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the ESFA (and its predecessor Young People's Learning Agency), Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted ESFA funds comprise all other grants received from the ESFA.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances are disclosed in note 20.

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.

Principal accounting policies Year to 31 August 2020

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions

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

- ◆ 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 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- ◆ Estimating the useful economic life of fixed assets for the purpose of calculating depreciation.

Notes to the financial statements Year to 31 August 2020

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2020 Total £'000
Capital grants	—	—	245	245
Donated fixed & current assets	—	—	832	832
Other donations	29	4	5	38
	29	4	1,082	1,115

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2019 Total £'000
Capital grants	—	—	754	754
Other donations	52	—	—	52
	52	—	754	806

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000
Hire of facilities	43	12	55
Miscellaneous income	45	208	253
	88	220	308

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000
Hire of facilities	30	35	65
Miscellaneous income	52	43	95
	82	78	160

Notes to the financial statements Year to 31 August 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000
DfE/ESFA grants			
General annual grant (GAG)	—	12,252	12,252
Other DfE group grants	—	1,311	1,311
	—	13,563	15,563
Other government grants			
Local authority grants	—	667	667
	—	667	667
Exceptional government funding			
Coronavirus exceptional support	—	41	41
	—	41	41
Other income from the Academy Trust's educational operations	201	29	230
2020 total funds	201	14,300	14,501

The academy trust has been eligible to claim exceptional costs associated with COVID 19 for the period March to July 2020. The funding received is shown above under "exceptional government funding" and has been included under GAG funding in Note 16. The funding received for coronavirus exceptional support covers three areas of reclaimed costs as detailed below and these costs have been included in notes 5, 6 and 7 as appropriate.

- ◆ Premises related costs over school holiday periods (£16,816).
- ◆ Free School Meal costs other than through the national voucher scheme.(£11,304)
- ◆ Additional cleaning from confirmed or suspected cases of COVID-19 (£12,039).

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000
DfE/ESFA grants			
General annual grant (GAG)	—	9,844	9,844
Other DfE group grants	—	552	552
	—	10,396	10,396
Other government grants			
Local authority grants	—	503	503
	—	503	503
Other income from the Academy Trust's educational operations	321	100	421
2019 total funds	321	10,999	11,320

Notes to the financial statements Year to 31 August 2020

4 Expenditure

	Staff costs £'000	Premises £'000	Other £'000	2020 Total £'000
Expenditure on raising funds:				
. Allocated support costs	22	1	—	23
Academy's educational operations:				
. Direct costs	10,975	898	1,105	12,978
. Allocated support costs	1,661	744	584	2,989
2020 total funds	12,658	1,643	1,689	15,990
	Staff costs £'000	Premises £'000	Other £'000	2019 Total £'000
Expenditure on raising funds:				
. Allocated support costs	21	—	—	21
Academy's educational operations:				
. Direct costs	8,420	585	1,421	10,426
. Allocated support costs	1,101	674	544	2,319
2019 total funds	9,542	1,259	1,965	12,766
			2020 £'000	2019 £'000
Net income/(expenditure) for the year includes:				
Depreciation			898	780
Fees payable to auditor for				
. Audit			15	13
. Other services			10	5

5 Charitable activities

	2020 Total funds £'000	2019 Total funds £'000
Direct costs – educational operations	12,978	10,426
Support costs – educational operations	2,989	2,319
	15,967	12,745
	2020 Total funds £'000	2019 Total funds £'000
Analysis of support costs		
Support staff costs	1,661	1,101
Depreciation	191	195
Premises costs	744	674
Legal costs – other	3	—
Other support costs	326	286
Governance costs	64	63
Total support costs	2,989	2,319

Notes to the financial statements Year to 31 August 2020

6 Staff

(a) Staff costs

Staff costs during the year were:

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	9,104	7,177
Social security costs	869	698
Pension costs	2,483	1,534
	12,456	9,409
Staff supply costs	202	133
Staff restructuring costs	—	—
	12,658	9,542

(b) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the period expressed as average headcount and as full time equivalents was as follows.

	2020 No.	2019 No.
Teachers	163	142
Administration and support	213	145
Management	10	9
	385	296

	2020 FTE.	2019 FTE.
Teachers	143	125
Administration and support	121	87
Management	10	9
	275	221

(c) Higher paid staff

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

	2020 No.	2019 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	3	1
£90,001 - £100,000	1	1

(d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for the services to the academy trust was £903,000 (2019 – £730,000).

Notes to the financial statements Year to 31 August 2020

6 Staff (continued)

(e) Key management personnel

Expenses were reimbursed to one director during the year ended 31 August 2020 of £142 (2019 – two directors £1,078).

These were reimbursements to directors in their role as employees, otherwise £nil expenses were incurred during the years ending 31 August 2020 and 31 August 2019.

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Unrestricted general fund £'000	Restricted funds		2019 Total funds £'000
		General £'000	Fixed assets fund £'000	
Income and endowments from:				
Donations and capital grants	52	—	754	806
Charitable activities:				
. Funding for the academy trust's educational operations	321	10,999	—	11,320
Other trading activities	82	78	—	160
Total	455	11,077	754	12,286
Expenditure on:				
Raising funds	21	—	—	21
Charitable activities				
. Academy trust educational operations	425	11,540	780	12,745
Total	446	11,540	780	12,766
Net income/(expenditure)	9	(463)	(26)	(480)
Transfers between funds	(35)	8	27	—
Other recognised gains and losses				
Actuarial losses on defined benefit pension scheme	—	(808)	—	(808)
Net movement in funds	(26)	(1,263)	1	(1,288)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2018	63	(3,996)	22,954	19,021
Total fund balances carried forward at 31 August 2019	37	(5,259)	22,955	17,733

8 Related party transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the multi academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. If this is not the case, payments must be disclosed separately. The value of trustees' remuneration and other benefits was as follows:

	2020 £'000	2019 £'000
Mrs G L Piper (Executive Headteacher and Trustee)		
. Remuneration	95-100	90-95
. Employer's pension contributions	20-25	15-20
Mr P Irving (Headteacher Whitelands Park and Trustee)		
. Remuneration	5-10	65-70
. Employer's pension contributions	0-5	10-15
M Keogh (Staff Trustee)		
. Remuneration	30-35	30-35
. Employer's pension contributions	5-10	5-10

9 Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. From April 2015, the Trust joined the Department for Education's Risk Protection Arrangement (RPA) as an alternative to insurance through which the cost of risks that materialise will be covered by government funds. These arrangements provide governors liability cover up to £10,000,000 for each and every loss and unlimited professional indemnity other than libel, slander or defamation, which is limited to £500,000 for each and every loss. The cost of the RPA is included in the total insurance cost.

10 Central services

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

- ◆ Human resources;
- ◆ Financial services;
- ◆ Legal services;
- ◆ Governance and clerking services;
- ◆ IT services;
- ◆ Estates Management Services

The Academy Trust charges for these costs on the basis of pupil numbers.

The actual amounts charged during the year were as follows:

	2020 £'000	2019 £'000
Kennet School	77	28
Whitelands Park Primary School	12	5
Francis Bailly	29	
	118	33

Notes to the financial statements Year to 31 August 2020

11 Tangible fixed assets

	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost/valuation					
At 1 September 2019	26,606	823	1,916	80	29,425
Transfer on conversion (note 22)	3,325	35	18	—	3,378
Donated assets	832	—	—	—	832
Additions	331	133	41	—	505
At 31 August 2020	31,094	991	1,975	80	34,140
Depreciation					
At 1 September 2019	4,019	572	1,825	58	6,474
Charge in the year	707	125	55	11	898
At 31 August 2020	4,726	697	1,880	69	7,372
Net book value					
At 31 August 2020	26,368	294	96	11	26,768
At 31 August 2019	22,587	251	91	22	22,951

Buildings transferred upon conversion

One academy joined the group or opened during 2019/20 (2018/19 – none). The school was transferred from a local authority. The value of the buildings transferred on conversion is included within tangible fixed assets. Further details of this transfer are included in note 22.

12 Debtors

	2020 £'000	2019 £'000
Trade debtors	59	63
VAT recoverable	34	54
Prepayments and accrued income	316	323
	409	440

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	119	143
Taxation and social security	206	165
Other creditors	25	23
Accruals and deferred income	229	134
	579	465

Notes to the financial statements Year to 31 August 2020

13 Creditors: amounts falling due within one year (continued)

	2020 £'000	2019 £'000
Deferred income		
Deferred income at 1 September 2019	35	5
Released during the year	(35)	(5)
Resources deferred in the year	112	35
Deferred income at 31 August 2020	112	35

Deferred income relates to a trip scheduled for 2020-21, balances pupils hold on cashless catering at year end and Condition Improvement Funding (CIF) 2020-21 funding received in August 2020. The CIF funding is for a capital project that has not yet been tendered and it is hoped this will take place Autumn 2020 and result in appointing a contractor and the project progress in 2020-21.

	2020 £'000	2019 £'000
SALIX loans	136	142
	136	142

Other creditors comprise solely of SALIX loans. The Trust has five SALIX loans, which are provided are nil interest and repayable over 8 years through deductions applied by the ESFA to September and March remittance payments. Three SALIX loans are attached to Condition Improvement Funding (CIF) for replacement window and boiler projects. The fourth is through SALIX Energy Efficiency Fund for a LED lighting upgrade project. In all four cases, repayments are funded through energy savings from the projects. The fifth loan relates to roofing works at Kennet School

Each project has its own repayment schedule and a sum of £12,778 is due in September 2020 and £12,778 is due in March 2021. The remaining payments totalling £136,378 are included above with the final payment scheduled for March 2028.

Notes to the financial statements Year to 31 August 2020

14 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	73	12,252	(11,947)	(271)	107
Pupil premium and other DfE grants	—	48	(48)	—	—
LA grants	—	420	(398)	(22)	—
Other restricted income	—	220	(244)	22	(2)
Other grants – DfE and LA	—	238	(138)	—	100
Pension reserve	(5,332)	—	(2,059)	(1,446)	(8,837)
Total restricted funds	(5,259)	13,178	(14,834)	(1,717)	(8,632)
Restricted fixed assets fund					
Transfer on conversion	19,117	4,239	—	—	23,356
DfE/EFA capital grants	3,838	245	(898)	—	3,185
Capital expenditure from GAG/Other	—	5	—	285	290
	22,955	4,489	(898)	285	26,831
Total restricted funds	17,696	17,667	(15,732)	(1,432)	18,199
Unrestricted funds					
General funds	37	318	(258)	(14)	83
Donated current assets on conversion and acquisition	—	136	—	—	136
Total unrestricted funds	37	454	(258)	(14)	219
Total funds	17,733	18,121	(15,990)	(1,446)	18,418

Notes to the financial statements Year to 31 August 2020

14 Funds (continued)

Comparative information

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

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	26	9,844	(9,805)	8	73
Pupil premium and other DfE grants	1	552	(553)	—	—
LA grants	—	503	(503)	—	—
Other restricted income	—	178	(178)	—	—
Pension reserve	(4,023)	—	(501)	(808)	(5,332)
Total restricted funds	(3,996)	11,077	(11,540)	(800)	(5,259)
Restricted fixed assets fund					
Transfer on conversion	19,117	—	—	—	19,117
DfE/EFA capital grants	3,837	754	(780)	27	3,838
	22,954	754	(780)	27	22,955
Unrestricted funds					
General funds	63	455	(446)	(35)	37
Total unrestricted funds	63	455	(446)	(35)	37
Total funds	19,021	12,286	(12,766)	(808)	17,733

Analysis of fund balance by academy

Fund balances at 31 August 2020 were as follows:

	Total 2020 £'000	Total 2019 £'000
Kennet School	171	98
Whitelands Park Primary School	1	1
Francis Baily	252	—
Central trust	—	10
Total before fixed assets and pension reserve	424	109
Restricted fixed asset fund	26,831	22,955
Pension reserve	(8,837)	(5,332)
Total	18,418	17,732

Notes to the financial statements Year to 31 August 2020

14 Funds (continued)

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2020 £'000
Kennet School	7,796	1,026	747	982	10,550
Whitelands Park Primary School	1,339	177	120	157	1,793
Francis Baily	1,841	409	184	204	2,638
Central services	—	70	5	43	118
Total net assets	10,975	1,682	1,056	1,386	15,100

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2019 £'000
Kennet School	7,105	1,054	855	1,215	10,229
Whitelands Park Primary School	1,125	160	148	178	1,611
Central services	—	—	5	42	47
Total net assets	8,230	1,214	1,008	1,435	11,887

15 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented as follows:

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2020 £'000
Tangible fixed assets	—	—	26,768	26,768
Current assets	219	643	340	1,202
Current liabilities	—	(438)	(141)	(579)
Non-current liabilities	—	—	(136)	(136)
Pension scheme liability	—	(8,837)	—	(8,837)
Total net assets	219	(8,632)	26,831	18,418

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2019 £'000
Tangible fixed assets	—	—	22,951	22,951
Current assets	37	371	313	721
Current liabilities	—	(298)	(167)	(465)
Non-current liabilities	—	—	(142)	(142)
Pension scheme liability	—	(5,332)	—	(5,332)
Total net assets	37	(5,259)	22,955	17,733

Notes to the financial statements Year to 31 August 2020

16 Capital Commitments

	2020 £'000	2019 £'000
Contracted for, but not provided in the financial statements	13	303

17 Commitments under operating leases

	2020 £'000	2019 £'000
Amounts due within one year	1	—
Amounts due between one and five years	1	—
Amounts due after five years	—	—
	<u>2</u>	<u>—</u>

18 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ♦ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);

18 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

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

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

The pension cost paid to TPS in the period amounted to £2,051,982 (2019 – £1,328,872).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds.

The total contributions made for the year ended 31 August 2020 was £581,000 (2019 – £408,000), of which employer's contributions totalled £442,000 (2019 – £308,000) and employees' contributions totalled £139,000 (2019 – £100,000)

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust closure, outstanding Local Government

Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	3.25%	3.7%
Rate of increase for pensions in payment / inflation	2.25%	2.2%
Discount rate for scheme liabilities	1.60%	1.9%
Inflation assumption (CPI)	2.25%	2.2%
Commutation of pensions to lump sums	50.0%	50.0%

Notes to the financial statements Year to 31 August 2020

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	21.5	22.1
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	22.9	23.7
Females	25.5	25.8
Sensitivity analysis	At 31 August 2020	At 31 August 2019
Discount rate +0.1%	(399)	246
Discount rate -0.1%	410	253
Mortality assumption – 1 year increase	556	342
Mortality assumption – 1 year decrease	(536)	330
CPI rate +0.1%	35	25
CPI rate -0.1%	(35)	25
The academy trust's share of the assets in the scheme were	At 31 August 2020 £'000	At 31 August 2019 £'000
Less than 1%	4,925	3,601
	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equity	2,875	2,004
Bonds	645	523
Property	699	454
Cash	467	283
Other	239	337
Total market value of assets	4,925	3,601
Present value of scheme liabilities		
· Funded	(13,762)	(8,933)
Deficit in the scheme	(8,837)	(5,332)

Notes to the financial statements Year to 31 August 2020

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2020 £'000	2019 £'000
Current service cost (net of employment contributions)	980	295
Past service cost	—	100
Net interest cost	124	103
Admin expenses	3	3
Total operating charge	1,107	501
Analysis of pension finance income/(costs)		
Administrative expenses	(3)	(3)
Net interest cost	(124)	(103)
Pension finance income/(costs)	(127)	(106)

Changes in the present value of defined benefit obligations were as follows:	2020 £'000	2019 £'000
Scheme obligations as at 1 September	(8,933)	(7,068)
Inherited on conversion	(2,290)	—
Change in demographic assumptions	292	464
Current service cost	(980)	(603)
Interest cost	(214)	(188)
Employee contributions	(139)	(100)
Actuarial (loss)	(1,092)	(1,389)
Benefits paid	59	51
Past service cost	(465)	(100)
At 31 August	(13,762)	(8,933)

Changes in the fair value of the Academy's share of scheme assets:	2020 £'000	2019 £'000
Fair value of scheme assets at 1 September	3,601	3,045
Inherited assets	896	—
Interest income	90	85
Admin costs	(3)	(3)
Actuarial (loss)/gain	(293)	117
Expected return on assets	112	—
Employer contributions	442	308
Employee contributions	139	100
Benefits paid	(59)	(51)
At 31 August	4,925	3,601

Notes to the financial statements Year to 31 August 2020

19 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the academy trust received £16,090 and disbursed £9,518 from the fund. An amount of £7,429 is included in other creditors relating to undistributed funds that would be repayable to ESFA if it remains unspent by the end of 2020-21. Comparatives for the accounting period ending 31 August 2019 are £22,528 received, £23,270 disbursed and £857 included in other creditors.

The Academy Trust does not hold any Bursary Funding from any prior year that would be repayable to the ESFA.

20 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have 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 Academy Trust has declared the following related party transactions to the ESFA in the previous year. There were no related party transactions declared in the year ended 31 August 2020.

The Executive Head is a volunteer at Oakwood Youth Challenge and within the year ended 31 August 2019 there has been one related party transaction totalling £228 for rock climbing sessions.

The Ogden Trust, through its Teach Physics Internships, takes applications from university students and places them with linked host state schools. The Ogden Trust pays a training grant to the intern and pays the administrative and DBS costs to the schools to reimburse the costs incurred in the placement. Kennet School is hosting an intern who is the son of Dr Elisabeth Crossman, a Director, and has been reimbursed £108 for administrative and DBS costs in the year ended 31 August 2019.

The academy trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures.

Notes to the financial statements Year to 31 August 2020

21 Transfer from Local Authority on conversion

During the year ended 31 August 2020, one academy joined the MAT. At the date of conversion to Academy status under the Academies Act 2010, the operations and assets and liabilities were transferred to the group for £nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	3,325	3,325
· Other tangible fixed assets	—	—	53	53
LGPS pension surplus / (deficit)	—	(1,394)	—	(1,394)
Cash	136	48	29	213
Net assets / (liabilities)	136	(1,346)	3,407	2,197