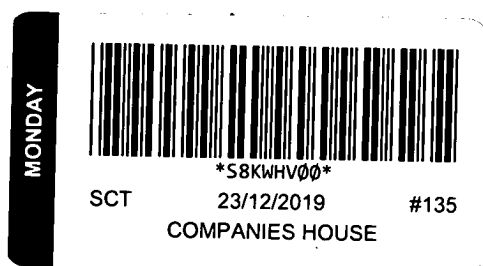


Company Registration No. 07664297 (England and Wales)

KESWICK SCHOOL MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019



COMPANIES HOUSE
EDINBURGH

23 DEC 2019

FRONT DESK

KESWICK SCHOOL MULTI ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 12
Governance statement	13 - 16
Statement on regularity, propriety and compliance	17
Statement of trustees' responsibilities	18
Independent auditor's report on the accounts	19 - 21
Independent reporting accountant's report on regularity	22 - 23
Statement of financial activities including income and expenditure account	24 - 25
Balance sheet	26
Statement of cash flows	27
Notes to the accounts including accounting policies	28 - 46

KESWICK SCHOOL MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

J Boniface
B Fowler
S Jackson (Accounting Officer)
S Leigh
S Peck
S Throp (Resigned 14 October 2019)
T Gibbins
D Hammond
M Ainsworth
R Lawler (Chief Finance Officer)
S Royle (Appointed 1 January 2019)

Members

B Fowler
T Jepson
S Peck
P Roberts
D Walker (Appointed 16 April 2019)

Senior management team

- Headteacher & Accounting Officer	S Jackson
- Deputy Head - Keswick School	T Gibbin
- Deputy Head - Keswick School	J Railton
- Assistant Head - Keswick School	J Wilson
- Assistant Head - Keswick School	S Purdy
- Assistant Head - Keswick School	A Allport
- Director of Finance and Operations	R Lawler
- Headteacher - Bassenthwaite School	S Royle

Company secretary

R Lawler

Company registration number

07664297 (England and Wales)

Registered office

Keswick School
Vicarage Hill
Keswick
Cumbria
CA12 5QB

Academies operated

Bassenthwaite Primary School
Keswick School

Location

Keswick
Keswick

Principal

Sara Royle
Simon Jackson

Independent auditor

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

KESWICK SCHOOL MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds
5-6 King Street
Penrith
CA11 7AP

Solicitors

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust is a multi-academy trust (MAT) which currently consists of one primary and one secondary academy in Keswick, West Cumbria, although many pupils come from outside the catchment area. Its academies have a combined pupil capacity of 1278 however they had a combined roll of 1324 in the school census for January 2019.

Keswick School submitted a significant change request to the Regional Schools Commissioner to increase pupil capacity to 1330. This was approved and has seen an additional form of entry being phased in each year since 2015/16 which will culminate in the school being at capacity in 2019/20. Additional teaching space was constructed in 2018 to achieve these pupil numbers.

Structure, governance and management

Constitution

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

The trustees of Keswick School Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Keswick School Multi Academy Trust. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Academy covers the liability of the Trustees' in line with point 5 (p) of the Articles of Association through membership of the Department of Education's Risk Protection Arrangement.

Method of recruitment and appointment or election of trustees

The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

Trustees are recruited following external advertisement of the role. Candidates are asked to submit a note of interest including their skills and experience and are recruited following an interview by a panel of Directors. Appointments are made to ensure that a breadth of skills are covered on the Board. All Trustees complete an annual Skills Audit to ensure the Board has the skills required for an evolving Multi Academy Trust.

The Local Governing Body is made up of governors who have applied for the role as well as parents and staff governors. Parent Governors are elected when a vacancy arises after a resignation or a term of office finishes. Each parent of a pupil attending the school has the opportunity to put their name forward with a view to becoming a parent governor. If they wish to be elected then they need to submit a letter of nomination to the Headteacher which must be countersigned by two sponsors, who must also be parents of children currently attending the school. If the school receives more than two nominations then an election by secret ballot will be held to allow parents to decide who they would like to represent them.

KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Staff Governors are elected by the members of staff in school by a formal ballot and election process similar to that for Parent Governors, where a statement of interest is submitted, nominated by 2 other members of staff. A formal ballot and election process would also follow.

During the year under review, the Trustees and the Local Governing Body held three meetings each plus the following committee meetings:

Curriculum and Pastoral – met five times
Finance and Premises – met five times
Personnel – met three times
Boarding – met three times

Three governor open days were held during the year and training by the National Governors Association was held in January 2019 for all governors. The school buys into the Department for Education Risk Protection Arrangement an element of which protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees meet with the Headteacher and Chair of Trustees initially. They will be given a tour of the Academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As the MAT expands, they will receive the information for each of the member schools. Trustees and members of the local governing body partake in a Trust Governance Training each year.

Organisational structure

The organisational structure consists of five levels: the members, the trustees, the local governing bodies, the Senior Leadership Teams and the Management Teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Multi Academy Trust, capital expenditure and senior staff appointments. The Local Governing Body informs the trustees of the day to day implementation of policies at Academy level and holds the Headteacher to account. The Executive Headteacher is the accounting officer for the trust.

At Keswick School, the Senior Leadership Team is the Headteacher, two Deputy Headteachers, three Assistant Headteachers and the Director of Finance and Operations. These managers control the Academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a Governor. Some spending control is devolved to members of the Management Team, with limits above which spending must be referred to the Local Governing Body or Trustees.

The Management Team includes the Senior Leadership Team, the Heads of Year and the Heads of Curriculum Area. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel

The rules for determining the pay of key management personnel (for the purposes of this definition this includes Headteachers, Deputy Headteachers and Assistant Headteachers who sit on the SLT) are set out in the School Teacher's Pay and Conditions Document (STPCD). Academies and free schools can set their own pay and conditions, but often choose to follow the STPCD.

The Governing Body for Keswick School has established a pay range for Headteachers, Deputy Headteachers and Assistant Headteachers in accordance with the STPCD. On determining the appropriate pay range the Governing Body will consider the permanent responsibilities of the role, any challenges that are specific to the role and all other relevant considerations. As directed by the STPCD the pay range for Headteachers has not exceeded the maximum of the Headteacher group.

In addition, and as directed by the STPCD, the maximum of the Deputy or Assistant Headteacher's pay range has not exceeded the maximum of the Headteacher group.

The Headteacher group is established by a total unit score. The total unit score is determined in accordance with the number of pupils on the school register, calculated by each key stage, with a number of units assigned to each pupil, thus giving a total unit score.

The salary of the Director of Finance & Operations is reviewed annually and equated to the leadership scale to reflect the role undertaken.

KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Related parties and other connected charities and organisations

The Academy Trust administers funds for the Western Lakes Teaching School Alliance (Western Cumbria Teaching School Alliance as of September 2019), of which Keswick School is the lead school. The WLTSA is a company limited by guarantee and the finances are audited separately from the academy but controlled and monitored by academy staff.

During 2018/19, the MAT supported feeder primary schools through sports partnership events, the provision of IT maintenance services and also the preparation of food to rural primaries.

Keswick School Charitable Trust is a separate charitable trust which was set up to benefit the students at Keswick School. The School is a beneficiary of this charity but does not control it or consolidate the accounts.

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations in which a member of the board of trustees may have an interest are covered by normal procurement procedures. A register of pecuniary interests is held by the Clerk to the Trustees and shown on the MAT website.

Trade Union Facilities Time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant Trade Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1.0

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1%-50%	1
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,157
Provide the total pay bill	£5,732,662
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.02%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%
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KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of Keswick School Multi Academy Trust to advance, for the public benefit, education for students of different abilities. The trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to schools within the Multi Academy Trust and the catchment areas from which the students are drawn.

The main objectives of the Academy during the year ended 31 August 2019 are summarised below:

- To maintain the highest expectations and seek excellence in everything we do.
- To instil traditional values such as courtesy and consideration for others.
- To develop every child's talents and interests, and broaden their horizons.
- To provide outstanding academic, social, moral, spiritual and cultural education.
- To develop confident, creative, articulate and distinctive young people.
- To prepare students to be independent, resilient and life-long learners.
- To see learning through failure as essential for success.
- To develop regional, national and international partnerships and constantly look for opportunities to extend learning.
- To encourage all parents to take an active interest in their child's education.
- To send into society level headed and compassionate young people who are a credit.

Objectives, strategies and activities

The Academy's main strategy is encompassed in its vision which is "Promoting excellence to enable all students to be happy and achieve their potential". To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a system of student entitlement through mentoring including, achievement, tracking of progress, parental involvement, community assertiveness, opportunities;
- a careers advisory service to help students obtain employment or move on to higher education.

Public benefit

The trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission in defining the strategic direction of the Academy.

Strategic report

Achievements and performance

Keswick School began operation as an academy trust on 1st July 2011 and is now in its seventh full year of operation. Keswick School Multi Academy Trust was formed in January 2017 and consequently grew to incorporate Bassenthwaite Primary School as of 1st January 2018.

KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

The trust set out the following key performance indicators (KPIs) for the academic year 2018/19:

Keswick School

Performance Indicator GCSE	2018/19	2017/18
4+ in English & Maths	79%	79%
5+ in English & Maths	52%	56%
Attainment 8	52.5	53.9
Progress 8	0.17	0.25
% Ebacc	25%	46%

Performance Indicator Post 16 A Level	2018/19	2017/18
Average points per candidate	107.5	110.98
Average Points Score per A Level Entry	37.75	32.56
Average A Level Grade	B-	C+
A Level Value Added Score	0.30	0.17
Pass rate	97%	98%

To ensure that standards are continually raised the Academy: operates a programme of lessons observations; is visited by inspectors; undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess progress. The Academy also participates in national programmes looking at progress through the key stages.

Bassenthwaite School

	2018/19		2017/18	
	EXS	GDS	EXS	GDS
KS2 – Reading	100%	50%	83%	0%
KS2 – Writing	100%	25%	67%	17%
KS2 – Maths	100%	38%	83%	0%
KS2 – Science	100%	50%	83%	0%
KS1 – Reading	75%	50%	38%	25%
KS1 – Writing	75%	50%	38%	0%
KS1 – Maths	75%	25%	38%	0%
KS1 – Science	75%	50%	100%	0%
Early Years	67%	33%	68%	32%

Other key performance indicators

The Academy's financial objectives are:

- to achieve a balanced budget
- to pursue alternative sources of funding consistent with the Academy's aims and values
- to generate sufficient levels of income to support the asset base of the Academy
- to further improve the Academy's shorter term liquidity
- to support development and improvement planning

KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

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

Financial review

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2019, total expenditure of £8,205k (2018: £7,632k) was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year was £687k (2018: £2,008k).

At 31 August 2019 the net book value of fixed assets was £12,959k (2018: £12,286) and movements in tangible fixed assets are shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

Reserves policy

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The governors have determined that an appropriate level of free reserves in the region of 3% - 5% of income should be maintained. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance and to plan for future capital projects. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £164k (2018: £660k) which is equivalent to 1.8% of income.

The amount of any restricted funds not available for general purposes of the academy trust at 31 August 2019 is £126k. The balance on unrestricted general funds (excluding pension reserve) is £164k. The net operating surplus is therefore £290k.

KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Investment policy and powers

A return on working capital should be optimised whilst allowing easy access of the funds. In balancing risk against return the Treasury Management Policy for Keswick School Multi Academy Trust is clearly geared towards avoiding risk than to maximising return. The Trust operates an interest bearing current account with a bank approved by the Board of Trustees and maintain a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency (cash buffer) for unexpected payments.

Monies surplus to the working requirements are invested in an account in the name of the Trust with an institution approved by and authorised by the Board of Trustees.

The Trust will not take out any long term investments until a reliable cash flow pattern has been established. Monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding three months.

Credit risk is minimised by ensuring that funds are spread across a range of institutions as appropriate. The limits of funds invested with approved institutions will be approved at least annually by the trustees and more frequently subject to market conditions.

Fundraising

The Academy Trust's approach to fundraising is one of targeted support for specific resources. For example, during the year in review, the School has been selected as the chosen charity of the Lake District Hotels group who are fundraising to refurbish a food technology classrooms by holding various events closely linked to the school.

The Academy Trust understands its duties with regard to The Code of Fundraising Practice and corporate partnerships and has agreements in place with participators which are regularly reviewed by the Executive Headteacher.

The Academy Trust does not endorse unreasonably intrusive or persistent fundraising approaches. Gift Aid is claimed where possible to maximise fundraising efforts.

Principal risks and uncertainties

Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy Trust. Not all the factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Academy. All major risks are identified by the trustees and outlined in the Risk Management Policy and Risk Register and systems have been established to manage and/or treat risk.

KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Government funding

The Academy has considerable reliance on continued government funding through the EFA. In 2018/19, 75% (2017/18 76%) of the Academy Trust's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Academy is rigorous in delivering high quality education and training
 - Considerable focus and investment is placed on maintaining and managing key relationships with the EFA

Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 17.

Changes to Teacher's Salaries, NJC pay scales, National Insurance, Employers Pension Contributions

As salary costs form such a high proportion of the Trust's expenditure, small changes can have a big impact on the Trust's overall budget forecasts and therefore they are monitored closely.

Plans for future periods

The School Improvement Plan (SIP) for 2019/20 has the following key objectives:

Leadership and Management:

- to continue to identify and address workload issues and improve general staff well being
- to enhance supervision procedures
- to introduce CPOMS for online recording of pastoral and safeguarding issues
- to improve financial MIS and reporting
- rectification of the Lairthwaite roof at Keswick School and enhance PE facilities/changing rooms
- to enhance and develop the sixth form personal development programme
- to develop governor training

Quality of Education:

- to introduce the new curriculum policy
- to implement KS3-5 curriculum planning review and development
- to implement curriculum maps for KS3 and KS4
- to implement tier 2 and 3 vocabulary and strategies for long term knowledge retention
- to develop a revised quality assurance process for quality of education
- to update the homework policy
- to develop KS2-3 academic transition further
- to improve outcomes for SEND students
- to establish a middle leader training day for Heads of Departments and Heads of Year

KESWICK SCHOOL MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Quality of Education: (continued)

- implement governor training on new Ofsted framework for quality of education
- review KS3 Modern Foreign Languages curriculum to introduce Spanish alongside French and German in 2020/21
- to embed the use of MINT classroom as a classroom tool
- to develop the pupil premium strategy multiyear plan

Personal Development:

- development of the Online Safety mapping across the school to ensure full coverage of areas as outlined in DfE guidance document June 2019
- to develop further and raise awareness of Mental Health Education
- develop and embed the Year 12 work experience week in 2019/20 academic year

Behaviour and Attitudes:

- Review the behaviour policy to ensure systems are clear and are applied consistently
- Development of internal supervision (isolation) and withdrawal systems in school to enhance follow up and support
- Promote a positive work ethic, behaviour and responsibility amongst the sixth form. To make students 'Sixth Form Ready'

Funds held as custodian trustee on behalf of others

The Academy holds the funds for the Western Lakes Teaching School Alliance, of which they are the lead school. The WLTA is a company limited by guarantee and the finances are audited separately from the academy but controlled and monitored by academy staff.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 04 December 2019 and signed on its behalf by:



S Peck

Chair of Directors

KESWICK SCHOOL MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Keswick School Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met three times during the year. It maintains effective oversight of funds by having six trustees being part of the Finance Committee which meets twice a term. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
J Boniface	2	3
B Fowler	1	3
S Jackson (Accounting Officer)	3	3
S Leigh	3	3
S Peck	2	3
S Throp (Resigned 14 October 2019)	2	3
T Gibbins	2	3
D Hammond	3	3
M Ainsworth	3	3
R Lawler (Chief Finance Officer)	3	3
S Royle (Appointed 1 January 2019)	2	2

Governance Reviews

During 18/19, an internal audit was undertaken to ensure that the Trust has appropriate governance arrangements in place and that these have been embedded throughout the whole Trust. Auditors were not satisfied with the level of governance at the Academy Trust and gave recommendations in the following areas:

- lack of declarations of conflicts of interest at board/committee meetings
- terms of reference for each board/committee should be introduced
- trust structure overcomplicated
- risk register not reviewed frequently enough
- curriculum and pastoral committee poorly chaired
- annual appraisals of board/committees required
- low attendance by some board/committee members to be addressed
- standardised reporting templates
- induction checklists introduced

KESWICK SCHOOL MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The audit committee is a sub-committee of the main board of trustees. It is responsible to the Board of Directors and is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board. They are authorised to request any information they require from any employee, external audit, internal audit or other assurance provider.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
J Boniface	1	3
S Throp (Resigned 14 October 2019)	3	3
D Hammond	3	3

Review of value for money

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

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

- Undertaking a whole school strategic planning review;
- Prioritised the recruitment and training of high quality staff;
- The maintenance of a broad and balanced curriculum which has helped in maintaining and increasing pupil admission numbers; and
- Investment in infrastructure to ensure the school is well serviced and capable of future growth.

The Trustees and Senior Leadership Team apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the school
- the targeting of resources to best improve standards and the quality of provision
- the use of resources to best support the various educational needs of all pupils

The trust has developed procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures in place include:

- competitive tendering procedures; during 2018/19 the Trust completed tenders including ICT, building works and financial management information systems;
- procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship); and
- procedures which minimise office time by the purchase of goods or services under £1000 direct from known, reliable suppliers (e.g. stationery, small equipment).

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Keswick School Multi Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

KESWICK SCHOOL MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes 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.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Wylie & Bisset, an external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, a regular schedule of testing has been established starting in January 2018 to include:

- testing of payroll systems (Jun 2018)
- testing of governance (Oct 2018)
- testing of risk (Jan 2019)
- testing of purchase systems and procurement (Apr 2019)
- testing of control account/ bank reconciliations (Oct 2019)

On a termly basis, the auditor will report to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' responsibilities of the financial responsibilities.

Issues arising in 2018/19

Further to the Governance review in 2018, and the subsequent recommendations from external auditors, the Trusts own processes uncovered weaknesses in internal control processes which a former member of staff had exploited. The resulting theft was reported to the police and the ESFA and an external review of internal controls was immediately undertaken which provided several recommendations which have since been actioned by the school. Audit reports covering the period in question gave no indication of such weaknesses in Trust procedures and policies.

Review of effectiveness

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

- the work of Wylie Bisset, taking on additional internal control audits;
- the work of the external auditor; and
- the work of the senior leaders within the academy trust who have responsibility for the development and maintenance of the internal control framework

KESWICK SCHOOL MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees audit committee and the local governing body finance and buildings committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 04 December 2019 and signed on its behalf by:



S Jackson
Accounting Officer



S Peck
Chair of Directors

KESWICK SCHOOL MULTI ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Financial issues

- Theft by a former employee was discovered in March 2019 and reported to the ESFA and police immediately. The CFO has liaised with the ESFA and the police to bring this to a conclusion and action recommendations from the subsequent audit. The case was heard at Carlisle Crown Court on 25th November 2019 at the time of this report being written, the defendant is awaiting sentencing. The Trust are pursuing the reimbursement of all monies through the Proceeds of Crime Act 2002.



S Jackson
Accounting Officer

04 December 2019

KESWICK SCHOOL MULTI ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who also act as governors for Keswick School Multi Academy Trust and are also the directors of Keswick School Multi Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction 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 trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 04 December 2019 and signed on its behalf by:



S Peck

Chair of Directors

KESWICK SCHOOL MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KESWICK SCHOOL MULTI ACADEMY TRUST

Opinion

We have audited the accounts of Keswick School Multi Academy Trust for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

KESWICK SCHOOL MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KESWICK SCHOOL MULTI ACADEMY TRUST (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

KESWICK SCHOOL MULTI ACADEMY TRUST

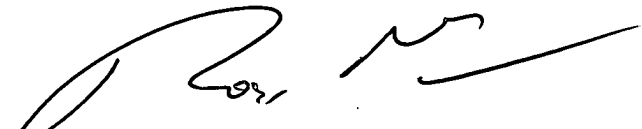
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KESWICK SCHOOL MULTI ACADEMY TRUST (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ross McLauchlan BAcc CA (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset LLP

Chartered Accountants
Statutory Auditor

16/12/19

168 Bath Street
Glasgow
G2 4TP

KESWICK SCHOOL MULTI ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KESWICK SCHOOL MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 28 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Keswick School Multi Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Keswick School Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Keswick School Multi Academy Trust's funding agreement with the Secretary of State for Education dated 27 July 2015 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- direct consideration and corroboration of evidence used to inform the accounting officer's statements;
- procedures to assess compliance with the funding agreement and Academies Financial Handbook from those already performed as part of the audit;
- consideration of whether expenditure outside of the academies delegated authorities has received departmental approval;
- evaluation and assessment of the operating effectiveness of the general control environment and operational level which are intended to reduce the risk of irregularity;
- assessment of adequacy of policies and procedures to ensure compliance with the framework of authorities;
- consideration of whether the absence of a control represents a breach of authorities;
- review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts.

KESWICK SCHOOL MULTI ACADEMY TRUST

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

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year the Chief Finance Officer made us aware of fraud that had occurred within the Trust during the year and previous years. The detail of the fraud was reported to the ESFA promptly and they are working with the Trust. A full internal audit investigation was carried out following the discovery and significant internal control improvements have been made by the Trust with which the ESFA are content.

 
Ross McArthur B.Acc. C.A.

Reporting Accountant

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Dated: 16/12/19

KESWICK SCHOOL MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £000	General	Restricted funds: Fixed asset £000	Total 2019 £000	Total 2018 £000
Income and endowments from:						
Donations and capital grants	2	-	24	765	789	1,217
Donations - transfer from local authority on conversion		-	-	-	-	808
Charitable activities:						
- Funding for educational operations	3	-	6,632	-	6,632	6,448
- Funding for boarding	22	-	557	-	557	469
Other trading activities	4	910	-	-	910	698
Investments	5	4	-	-	4	-
Total income and endowments		914	7,213	765	8,892	9,640
Expenditure on:						
Charitable activities:						
- Educational operations	7	281	7,050	366	7,697	7,151
- Boarding	22	-	508	-	508	481
Total expenditure		281	7,558	366	8,205	7,632
Net income/(expenditure)		633	(345)	399	687	2,008
Transfers between funds		(1,129)	-	1,129	-	-
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	17	-	(1,484)	-	(1,484)	416
Net movement in funds		(496)	(1,829)	1,528	(797)	2,424
Reconciliation of funds						
Total funds brought forward		660	(2,349)	12,286	10,597	8,173
Total funds carried forward		164	(4,178)	13,814	9,800	10,597

KESWICK SCHOOL MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £000	General £000	Restricted funds: Fixed asset £000	Total 2018 £000
Income and endowments from:					
Donations and capital grants	2	31	19	1,167	1,217
Donations - transfer from local authority on conversion		-	38	770	808
Charitable activities:					
- Funding for educational operations	3	-	6,448	-	6,448
- Funding for boarding	22	-	469	-	469
Other trading activities	4	698	-	-	698
Total income and endowments		<u>729</u>	<u>6,974</u>	<u>1,937</u>	<u>9,640</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	397	6,431	323	7,151
- Boarding	22	-	481	-	481
Total expenditure	6	<u>397</u>	<u>6,912</u>	<u>323</u>	<u>7,632</u>
Net income		332	62	1,614	2,008
Transfers between funds		280	-	(280)	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	17	-	416	-	416
Net movement in funds		<u>612</u>	<u>478</u>	<u>1,334</u>	<u>2,424</u>
Reconciliation of funds					
Total funds brought forward		48	(2,827)	10,952	8,173
Total funds carried forward		<u>660</u>	<u>(2,349)</u>	<u>12,286</u>	<u>10,597</u>

KESWICK SCHOOL MULTI ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible assets	11	12,959	12,286
Current assets			
Debtors	12	445	167
Cash at bank and in hand		1,670	1,692
		<u>2,115</u>	<u>1,859</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(970)	(1,048)
Net current assets		<u>1,145</u>	<u>811</u>
Net assets excluding pension liability		<u>14,104</u>	<u>13,097</u>
Defined benefit pension liability	17	(4,304)	(2,500)
Net assets		<u><u>9,800</u></u>	<u><u>10,597</u></u>
Funds of the academy trust:			
Restricted funds	15		
- Fixed asset funds		13,814	12,286
- Restricted income funds		126	151
- Pension reserve		(4,304)	(2,500)
Total restricted funds		<u>9,636</u>	<u>9,937</u>
Unrestricted income funds	15	<u>164</u>	<u>660</u>
Total funds		<u><u>9,800</u></u>	<u><u>10,597</u></u>

The accounts set out on pages 24 to 46 were approved by the board of trustees and authorised for issue on 04 December 2019 and are signed on its behalf by:

Sarah Peck

S Peck

Chair of Directors

Company Number 07664297

KESWICK SCHOOL MULTI ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £000	£000	2018 £000	£000
Cash flows from operating activities					
Net cash provided by operating activities	18		248		562
Cash funds transferred on conversion			-		38
			<u>248</u>		<u>600</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		4		-	
Capital funding from sponsors and others		765		1,167	
Payments to acquire tangible fixed assets		(1,039)		(887)	
		<u></u>	(270)	<u></u>	280
Change in cash and cash equivalents in the reporting period			<u>(22)</u>		<u>880</u>
Cash and cash equivalents at 1 September 2018			1,692		812
Cash and cash equivalents at 31 August 2019			<u>1,670</u>		<u>1,692</u>

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Keswick School Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

Grants receivable

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

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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.

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

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

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

Land and buildings	50 years straight line
Assets Under Construction	Not depreciated
Computer equipment	3 to 5 years straight line
Fixtures, fittings & equipment	3 to 5 years straight line
Motor vehicles	7 years straight line

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.

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

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

1.8 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. Prepayments are not financial instruments.

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

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.9 Taxation

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

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, 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 are recognised in the period to which they relate.

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

1.11 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Capital grants	-	765	765	1,158
Other donations	-	24	24	59
	<u>-</u>	<u>789</u>	<u>789</u>	<u>1,217</u>

3 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
DfE / ESFA grants				
General annual grant (GAG)	-	6,065	6,065	5,911
Other DfE / ESFA grants	-	213	213	167
	<u>-</u>	<u>6,278</u>	<u>6,278</u>	<u>6,078</u>
Other government grants				
Local authority grants	-	87	87	71
	<u>-</u>	<u>87</u>	<u>87</u>	<u>71</u>
Other funds				
Other incoming resources	-	267	267	299
	<u>-</u>	<u>267</u>	<u>267</u>	<u>299</u>
Total funding	<u>-</u>	<u>6,632</u>	<u>6,632</u>	<u>6,448</u>

4 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Catering income	622	-	622	625
Music tuition	-	-	-	3
Other income	288	-	288	70
	<u>910</u>	<u>-</u>	<u>910</u>	<u>698</u>

5 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	4	-	4	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

6 Expenditure

	Staff costs £000	Premises & equipment £000	Other costs £000	Total 2019 £000	Total 2018 £000
Academy's educational operations					
- Direct costs	4,083	-	560	4,643	4,830
- Allocated support costs	1,561	772	721	3,054	2,321
Boarding					
- Direct costs	-	-	1	1	31
- Allocated support costs	297	60	150	507	450
	<u>5,941</u>	<u>832</u>	<u>1,432</u>	<u>8,205</u>	<u>7,632</u>

Net income/(expenditure) for the year includes:	2019 £000	2018 £000
--	----------------------	----------------------

Fees payable to auditor for audit services	8	8
Operating lease rentals	124	14
Depreciation of tangible fixed assets	366	323
Net interest on defined benefit pension liability	67	-
	<u></u>	<u></u>

Central services

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

- human resources;
- payroll
- financial services;
- audit;
- data protection;
- governance;
- IT support;
- health and safety support;
- policy alignment.

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Direct costs - educational operations	-	4,643	4,643	4,830
Direct costs - boarding	-	1	1	31
Support costs - educational operations	281	2,773	3,054	2,321
Support costs - boarding	-	507	507	450
	<u>281</u>	<u>7,924</u>	<u>8,205</u>	<u>7,632</u>

	boarding £000	Educational operations £000	Total 2019 £000	Total 2018 £000
Analysis of support costs				
Support staff costs	297	1,561	1,858	1,334
Depreciation and amortisation	-	366	366	323
Premises costs	54	378	432	225
Other support costs	156	697	853	829
Governance costs	-	52	52	60
	<u>507</u>	<u>3,054</u>	<u>3,561</u>	<u>2,771</u>

8 Staff costs

	2019 £000	2018 £000
Wages and salaries	4,479	4,492
Social security costs	407	412
Operating costs of defined benefit pension schemes	1,033	911
Staff costs	<u>5,919</u>	<u>5,815</u>
Supply staff costs	6	19
Staff development and other staff costs	16	40
Total staff expenditure	<u>5,941</u>	<u>5,874</u>

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Staff costs

(Continued)

Staff numbers

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

	2019 Number	2018 Number
Teachers	82	85
Administration and support	91	84
Management	8	8
	<u>181</u>	<u>177</u>

Higher paid staff

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

	2019 Number	2018 Number
£60,000 - £70,000	2	2
£70,000 - £80,000	2	2
£100,000 - £110,000	1	1
	<u>5</u>	<u>5</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £684,000 (2018: £656,000).

9 Trustees' remuneration and expenses

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

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

S Jackson

Remuneration: £104,649 (2018: £103,139)

Pension: £17,246 (2018: £16,997)

S Royle

Remuneration: £42,428 (2018: £nil)

Pension: £6,992 (2018: £nil)

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Trustees and officers insurance

The Academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

11 Tangible fixed assets

	Land and buildings	Assets Under Constructio n	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 September 2018	12,869	703	552	367	46	14,537
Transfers	556	(556)	-	-	-	-
Additions	886	23	88	42	-	1,039
Disposals	-	-	(15)	-	(5)	(20)
At 31 August 2019	14,311	170	625	409	41	15,556
Depreciation						
At 1 September 2018	1,467	-	448	306	30	2,251
On disposals	-	-	(15)	-	(5)	(20)
Charge for the year	286	-	55	19	6	366
At 31 August 2019	1,753	-	488	325	31	2,597
Net book value						
At 31 August 2019	12,558	170	137	84	10	12,959
At 31 August 2018	11,402	703	104	61	16	12,286

12 Debtors

	2019 £000	2018 £000
Trade debtors	57	60
VAT recoverable	169	42
Other debtors	153	-
Prepayments and accrued income	66	65
	445	167

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13	Creditors: amounts falling due within one year	2019	2018
		£000	£000
	Trade creditors	132	168
	Other taxation and social security	207	197
	Other creditors	-	5
	Accruals and deferred income	631	678
		<u>970</u>	<u>1,048</u>
14	Deferred income	2019	2018
		£000	£000
	Deferred income is included within:		
	Creditors due within one year	<u>575</u>	<u>667</u>
	Deferred income at 1 September 2018	667	574
	Released from previous years	(445)	93
	Amounts deferred in the year	<u>353</u>	<u>-</u>
	Deferred income at 31 August 2019	<u>575</u>	<u>667</u>

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15 Funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant	37	6,065	(6,102)	-	-
Other DfE / ESFA grants	-	213	(213)	-	-
Other government grants	(37)	87	(50)	-	-
Boarding	77	557	(508)	-	126
Other restricted funds	74	291	(365)	-	-
	<u>151</u>	<u>7,213</u>	<u>(7,238)</u>	<u>-</u>	<u>126</u>
Funds excluding pensions	151	7,213	(7,238)	-	126
Pension reserve	(2,500)	-	(320)	(1,484)	(4,304)
	<u>(2,349)</u>	<u>7,213</u>	<u>(7,558)</u>	<u>(1,484)</u>	<u>(4,178)</u>
Restricted fixed asset funds					
Transferred on conversion	757	-	-	(757)	-
DfE / ESFA capital grants	11,521	765	(365)	1,886	13,807
Private sector capital sponsorship	8	-	(1)	-	7
	<u>12,286</u>	<u>765</u>	<u>(366)</u>	<u>1,129</u>	<u>13,814</u>
Total restricted funds	<u>9,937</u>	<u>7,978</u>	<u>(7,924)</u>	<u>(355)</u>	<u>9,636</u>
Unrestricted funds					
General funds	660	914	(281)	(1,129)	164
Total funds	<u>10,597</u>	<u>8,892</u>	<u>(8,205)</u>	<u>(1,484)</u>	<u>9,800</u>

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant	-	5,911	(5,874)	-	37
Other DfE / ESFA grants	-	167	(167)	-	-
Other government grants	-	71	(108)	-	(37)
Boarding	89	469	(481)	-	77
Other restricted funds	-	356	(282)	-	74
	<u>89</u>	<u>6,974</u>	<u>(6,912)</u>	<u>-</u>	<u>151</u>
Funds excluding pensions	89	6,974	(6,912)	-	151
Pension reserve	(2,916)	-	-	416	(2,500)
	<u>(2,827)</u>	<u>6,974</u>	<u>(6,912)</u>	<u>416</u>	<u>(2,349)</u>
Restricted fixed asset funds					
Transferred on conversion	-	770	(13)	-	757
DfE / ESFA capital grants	10,952	1,158	(309)	(280)	11,521
Private sector capital sponsorship	-	9	(1)	-	8
	<u>10,952</u>	<u>1,937</u>	<u>(323)</u>	<u>(280)</u>	<u>12,286</u>
Total restricted funds	<u>8,125</u>	<u>8,911</u>	<u>(7,235)</u>	<u>136</u>	<u>9,937</u>
Unrestricted funds					
General funds	<u>48</u>	<u>729</u>	<u>(397)</u>	<u>280</u>	<u>660</u>
Total funds	<u>8,173</u>	<u>9,640</u>	<u>(7,632)</u>	<u>416</u>	<u>10,597</u>

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

15 Funds

(Continued)

Total funds analysis by academy

	Total £000
Fund balances at 31 August 2019 were allocated as follows:	
Keswick School	246
Bassenthwaite Primary School	44
	<hr/>
Total before fixed assets fund and pension reserve	290
Restricted fixed asset fund	13,814
Pension reserve	(4,304)
	<hr/>
Total funds	9,800
	<hr/>

Total cost analysis by academy

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 2019 £000
Keswick School	5,465	296	819	1,003	7,583
Bassenthwaite Primary School	179	1	13	55	248
Central services	-	-	-	8	8
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,644	297	832	1,066	7,839
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Funds analysis by academy - previous year

	Total 2018 £000
Fund balances at 31 August 2018 were allocated as follows:	
Keswick School	720
Bassenthwaite Primary School	91
	<hr/>
Total before fixed assets fund and pension reserve	811
Restricted fixed asset fund	12,286
Pension reserve	(2,500)
	<hr/>
Total funds	10,597
	<hr/>

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15 Funds

(Continued)

Total cost analysis by academy - previous year

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2018
	£000	£000	£000	£000	£000
Keswick School	5,262	273	566	1,022	7,123
Bassenthwaite Primary School	115	-	11	54	180
Central services	-	-	-	6	6
	<u>5,377</u>	<u>273</u>	<u>577</u>	<u>1,082</u>	<u>7,309</u>

16 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2019 £000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	12,959	12,959
Fixed asset investments	384	-	(384)	-
Current assets	750	126	1,239	2,115
Creditors falling due within one year	(970)	-	-	(970)
Defined benefit pension liability	-	(4,304)	-	(4,304)
	<u>164</u>	<u>(4,178)</u>	<u>13,814</u>	<u>9,800</u>

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2018 £000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	12,286	12,286
Current assets	1,708	151	-	1,859
Creditors falling due within one year	(1,048)	-	-	(1,048)
Defined benefit pension liability	-	(2,500)	-	(2,500)
	<u>660</u>	<u>(2,349)</u>	<u>12,286</u>	<u>10,597</u>

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Pensions 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 Mercer. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2018.

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

Teachers' Pension Scheme

Introduction

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

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

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. 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 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- new employer contribution rates were set at 23.68% of pensionable pay (including a 0.08% administration fee)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218.1 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196.1 million giving a notional past service deficit of £22 billion.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.8% 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 is 4.45%

The new employer contribution rate for the TPS was implemented in September 2019. DfE has agreed to pay a teacher pension employer grant to cover the additional costs during the 2019-20 academic year. The next valuation of the TPS is currently underway based on April 2019 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £501k (2018: £686k).

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

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Pensions and similar obligations

(Continued)

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

Local Government Pension Scheme

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

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

Total contributions made	2019 £000	2018 £000
Employer's contributions	298	295
Employees' contributions	77	77
Total contributions	<u>375</u>	<u>372</u>
Principal actuarial assumptions	2019 %	2018 %
Rate of increases in salaries	3.6	3.6
Rate of increase for pensions in payment	2.2	2.2
Discount rate	1.8	2.8
Inflation assumption (CPI)	<u>2.1</u>	<u>2.1</u>

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

	2019 Years	2018 Years
Retiring today		
- Males	23.3	23.2
- Females	25.9	25.8
Retiring in 20 years		
- Males	25.6	25.5
- Females	<u>28.6</u>	<u>28.5</u>

Scheme liabilities would have been affected by changes in assumptions as follows:

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

17 Pensions and similar obligations

(Continued)

The academy trust's share of the assets in the scheme	2019 Fair value £000	2018 Fair value £000
Equities	2,033	1,727
Government bonds	758	621
Other bonds	257	224
Cash/liquidity	193	209
Property	240	323
Other assets	729	444
Total market value of assets	4,210	3,548
Actual return on scheme assets - gain/(loss)	298	150
Amounts recognised in the statement of financial activities	2019 £000	2018 £000
Current service cost	408	446
Interest Income	104	78
Interest cost	67	-
Administration expenses	8	7
Total operating charge	587	531
Changes in the present value of defined benefit obligations	2019 £000	2018 £000
Obligations at 1 September 2018	6,048	5,948
Obligations acquired on conversion	-	92
Current service cost	408	446
Interest cost	171	144
Employee contributions	77	77
Actuarial loss/(gain)	1,678	(622)
Benefits paid	(11)	(37)
Past service cost	143	-
At 31 August 2019	8,514	6,048

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

17 Pensions and similar obligations

(Continued)

Changes in the fair value of the academy trust's share of scheme assets

	2019 £000	2018 £000
Assets at 1 September 2018	3,548	3,032
Assets acquired on conversion	-	31
Interest income	104	78
Actuarial gain	194	72
Employer contributions	298	295
Employee contributions	77	77
Benefits paid	(11)	(37)
At 31 August 2019	4,210	3,548

18 Reconciliation of net income to net cash flows from operating activities

	2019 £000	2018 £000
Net income for the reporting period	687	2,008
Adjusted for:		
Net surplus on conversion to academy	-	(808)
Capital grants from DfE/ESFA and other capital income	(765)	(1,167)
Investment income receivable	(4)	-
Defined benefit pension costs less contributions payable	253	-
Defined benefit pension net finance cost	67	-
Depreciation of tangible fixed assets	366	323
(Increase)/decrease in debtors	(278)	73
(Decrease)/increase in creditors	(78)	133
Net cash provided by operating activities	248	562

19 Capital commitments

	2019 £000	2018 £000
Expenditure contracted for but not provided in the accounts	292	70

KESWICK SCHOOL MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Related party transactions

During the year sales of £54,433(2018: £89,655) were made to West Lakes Teaching School Alliance, at the year end there was a debtor of £nil (2018: £nil). Purchases of £nil (2018: £840) were incurred during the year, at the year end the outstanding creditor was £nil. (2018: £nil).

During the year sales of £nil (2018: £645) were made to Bassenfell Manor Christian Centre, at the year end there was a debtor of £nil (2018: £nil).

During the year the school received a donation from Keswick School Charitable Trust for £nil (2018: £18,930).

Trustees' remuneration and expenses are disclosed in note 9.

21 Members' liability

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

22 Boarding trading account

	2019		2018	
	£000	£000	£000	£000
Direct income				
Fee income		557		469
Direct costs				
Bad debt write offs	-		24	
Other direct costs	1		7	
	<u>1</u>		<u>31</u>	
Other costs				
Support staff costs	297		273	
Maintenance of premises and equipment	51		25	
Cleaning	3		2	
Security and transport	6		3	
Catering	124		114	
Other support costs	26		33	
	<u>507</u>		<u>450</u>	
Total expenditure		(508)		(481)
Surplus/(deficit) from all sources		49		(12)
Boarding balances at 1 September 2018		77		89
Boarding balances at 31 August 2019		<u>126</u>		<u>77</u>