REGISTERED COMPANY NUMBER: 07681857

Report of the Trustees and Financial Statements for the Year Ended 31 August 2017 for KINGSTONE ACADEMY TRUST

THURSDAY
A6ZCN6UI
A11 08/02/2018 #214
COMPANIES HOUSE

Haines Watts Birmingham LLP
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

KINGSTONE ACADEMY TRUST

Contents of the Financial Statements
for the year ended 31 August 2017

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 7
Governance Statement	8 to 10
Statement on Regularity, Propriety and Compliance	11
Statement of Trustees Responsibilities	12
Report of the Independent Auditors	13 - 14
Independent Accountant's Report on Regularity	15
Statement of Financial Activities	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19 to 33

KINGSTONE ACADEMY TRUST

Reference and Administrative Details
for the Year Ended 31 August 2017

Members	Dr D Archer (resigned 11 October 2017) Mr E M Gough Ms J Shearer Mr J D C Wright
Trustees	Dr J W Beatty Mr A P Coates Mrs A R Deaville (resigned 31/1/2017) Mr S W Fisher Mr J D Hanks Mrs A L Jordan Dr A Lavers Miss S J Lloyd (resigned 14/7/2017) Ms M I Macpherson (resigned 3/2/2017) Mrs C Passmore (resigned 16/10/2017) Mr R M Pinches Ms V Tomkins Mr J D C Wright (Chair of Trustees)
Company secretary	Mr N J Moon
Senior management team	Mr L Butler (Deputy Headteacher) Mr D Cook (Assistant Headteacher, from 1 September 2017) Mr S W Fisher (Executive Headteacher) Mr N J Moon (Business Support Advisor) Mrs E Vigus (Assistant Headteacher)
Registered office	Kingstone High School Hereford HR2 9HJ
Registered company number	07681857
Auditors	Haines Watts Birmingham LLP Sterling House 71 Francis Road Edgbaston Birmingham B16 8SP

The trustees present their annual report with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

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

Kingstone Academy Trust is a multi-academy Trust formed between Kingstone High School and Kingstone & Thruxton Primary School. The Company was incorporated on the 24 June 2011 and converted from a Local Authority School to an Academy Trust on the 1 August 2011 (High School) and 1 September 2011 (Primary School).

The governors act as the trustees for the charitable activities of Kingstone Academy Trust and are also the directors of the Company for the purposes of company law. The Company is known as Kingstone Academy Trust.

Details of the governors who served throughout the year and up to the date of sign-off, are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the Company undertakes to contribute to the assets of the 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

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the Academy Trust.

The liability insurance is provided by Zurich Plc and provides cover up to £2,000,000 (2016: £2,000,000) on any one claim.

Principal activities

This is defined in the Articles of Association:

The Academy Trust's objects ("the Objects") are specifically restricted to the following to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum.

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

Method of Recruitment and Appointment or Election of Governors

This is defined in the Articles of Association:

The Members may appoint up to 12 Governors.

The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one-third of the total number of Governors.

Further details can be found in the Articles of Association.

Structure, governance and management

Policies and Procedures Adopted for the Induction and Training of Governors

The Academy has a Governor Recruitment and Induction policy.

The training and induction provided for new governors includes a tour of the Academy and a chance to meet staff and pupils. The Governor Support Team at Herefordshire Council and the Herefordshire Governors Association provide external training including financial matters. They provide regular updates on practice, legislation and guidance. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

Organisational structure

The Academy has a leadership structure which consists of the governors, The Senior Leadership Team, Heads of Faculty and Progress Leaders in the high school and Head of Primary, in the primary school. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Executive Headteacher is the Accounting Officer.

The governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the strategic direction of the Academy, capital expenditure and key staff appointments.

The Senior Leadership Team is comprised of the Executive Headteacher, a Deputy Headteacher, two Assistant Headteachers and a Business Support Advisor. These leaders direct the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Leadership Team always contain a governor. Some spending control is devolved to members of the Senior Leadership Team, with limits above which the Executive Headteacher must countersign.

Heads of Faculty are responsible for the day to day operation of curriculum subject areas and accordingly organise their teaching staff, capitation resources, facilities and students.

Connected Organisations, including Related Party Relationships

Kingstone Academy Trust is a multi-academy Trust formed between Kingstone High School and Kingstone & Thruxton Primary School.

Kingstone Academy Trust works with other primary schools in the Kingstone Collaborative Partnership to ensure that pupils have a successful transition from primary to secondary education. The Trust has provided particular support to Clehonger C of E Primary School in the year, through a soft federation agreement. These organisational arrangements are also a vehicle for cross phase professional development.

Kingstone Academy Trust continues to have proactive and mutually beneficial relationships with a number of county and nationwide groups such as the Local authority, the Schools Network, National College for School Leadership, local post 16 providers, employers and training organisations. These links are maintained in the interests of supporting good practice and information sharing to enhance the school operations at all age groups.

Risk management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances. The Finance and Personnel Committee receives a copy of the Risk Register at each meeting, providing assurance to the Full Governing Body that all risks are documented and an action plan to mitigate each risk is in place. The Risk Register assesses risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. Governors have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

Objectives and activities

Objectives and aims

Achieving Success Together

Our overall aim is to produce confident, self-assured and successful young adults who have the learning skills and track record of success in a variety of experiences that will allow them to make a positive contribution to their society.

Our vision is developed around the following three main areas:-

- Achievement
- Community
- Experiences

Achievement:

Our pledge is that, whatever their ability:-
- Every child will make the expected progress at all stages of their schooling and the majority will have done even better than this by the time they leave.

Community:

We aim:-
- to embrace the wider community to provide opportunities for our pupils.
- to have all members of the Trust to feel part of one organisation.
- to maximise the role of parents in the wider community.
- to involve all partners of all kinds in the community to work with the Trust.

Through these aims Kingstone Academy Trust is seen as a central part of our local community.

Experiences:

All of our pupils will:-
- Have a rich, innovative and varied curriculum experience that meets their needs.
- Have access to opportunities and challenges outside the classroom that build on their talents and interests.
- Be safe in our caring and learning community.
- Be introduced to new experiences which will provide them with challenge in which to develop the skills needed to create a 'habit of success'.

Objectives, Strategies and Activities

The Company's object is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum (Memorandum of Association).

The High School continues its commitment to provide a broad curriculum with a very wide ranging curriculum of GCSE and BTEC courses designed to meet the needs of our students. The Primary School curriculum has improved to better meet the needs of all pupils.

The High School continues to augment its teaching by focusing on the wider world so that some students will be actively involved in qualifications that require them to research and investigate foreign countries, traditions and cultures. The school remains proud that it has been awarded International Schools Award for the second time, recognising the work we do with other schools and countries.

Our objectives are to use the aims laid out previously as the driving force to deliver a top quality education experience to all of the young people who come to our schools. To achieve this aim we engage in a continual process of monitoring, self-review and actions to ensure we meet the needs of our pupils. This is common practice across both schools and there is much individual intervention and support to ensure this is the case.

Through this process we provide opportunities to our pupils to meet the aims as laid out previously. We provide a wide range of subject based academic experiences in both schools and a large range of wider experiential opportunities including; residential trips in this country and abroad; the opportunity to represent the schools in sporting fixtures at all ages in a wide variety of sports; the opportunity to represent the school in a school musical or drama performance. Indeed, the schools have developed an excellent reputation locally for the quality of our music and drama.

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

Strategic report

Achievement and performance

Charitable activities

In Kingstone & Thruxton Primary School, A dip in KS2 results is a disappointment, but the recent Ofsted judgement of 'Good', was based on good progress being seen by inspectors. Projected outcomes for the coming year will be back at least in line with national.

KS2:
% achieving level EXS: writing 76%; reading 71% ; maths 75%
% achieving level GDS: writing 18%; reading 25%; maths 23%

National averages in brackets

KS1:
% achieving L2+ - reading 94% (90%); writing 89% (88%); maths 94% (93%)
% achieving L3+ - reading 50% (32%); writing 17% (18%); maths 22% (26%)

At Kingstone High School there has also been a maintained high performance in core subject areas.
5+ Standard passes and English & maths 69%
5+ Standard passes 71%
Standard Pass (4+) in English 79%
Strong Pass (5+) 67%
Standard pass in maths 75%, Strong pass 56%
Standard pass in English & Maths 70%, Strong passes 49%

School Improvement Planning

Both schools have a comprehensive School Improvement Plan in place to further develop both schools. In each case the plan is developed around the latest OFSTED framework and its areas of judgement. The Primary School was judged Good by OFSTED following an inspection in July 2017; the High School remains Good from its OFSTED inspection in June 2015.

Pupils on roll (Census)	High School	Primary School	Total
October 2014	381	169	550
October 2015	331	159	490
October 2016	335	154	489
October 2017	387	171	558

Like the vast majority of schools across the county of Herefordshire, both the high school and primary have suffered from declining numbers due to demographic changes. Both schools have experienced improved numbers in September 2017 and the projections for September 2018 are comparable.

Increasing the numbers of students at the high school remains a priority despite the ever smaller pool of available students.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key financial performance indicators

These are covered throughout the Governors' Report.

Financial review

Reserves policy

The governors 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 Academy's current level of reserves (total funds less the amount held in restricted funds) is £143,979 (2016: £115,816), all of which is free reserves. The level of General Restricted Funds stands at £29,040 (2016: 121,599) at the year end.

Financial review - continued

Investment policy and objectives
Should funds become available to invest, the chosen investment vehicle will be short term Money Market deposits. The Academy Business Advisor will liaise with the Headteacher regarding the amounts involved and the duration of the investment.

Every effort will be made to maximise interest on surplus funds ensuring at the same time that full protection of funds is guaranteed.

The majority of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the period ended 31 August 2017, total expenditure of £3,112,163 (2016: £3,149,412) was in excess of recurrent grant funding from the DfE together with other incoming resources. The net expenditure, before transfers and revaluations for the period was a deficit position of £336,469 (2016: deficit of £179,415).

At 31 August 2017, the net book value of fixed assets was £4,776,061 (2016: £4,876,975) and movements in tangible fixed assets are shown in Note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy received an advance of the General Agreed Grant ("GAG") of £175,000 on 1 November 2017 following an application to the Education and Skills Funding Agency ("ESFA") for support during a period of growth.

Principal risks and uncertainties
The Governors consider that the principal risks and uncertainties facing the Academy are:

- Meeting requisite standards of education for students in core subjects.
- Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation.
- Falling student numbers, due to demographic issues within the county, further compounded by increased costs to parents of transport to and from the schools.
- Operational risks resulting from changes in staffing or inappropriate staff being employed.

The key controls used by the Academy include:

- Detailed terms of reference for all committees
- Formal agendas for the Academy board and committees
- Schemes of delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels
- Policies and procedures required by law to protect the vulnerable

Financial and risk management objectives and policies
The School has agreed a Risk Management strategy, a Risk register and a risk management plan. These have been discussed by governors and include the financial risks to the school. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

Future developments

Kingstone Academy Trust will continue its relentless progress towards fulfilling the pledges contained in our Vision document - these are developed around the educational achievement of all of our young people from age 3 - 16, our further involvement in our wider community and through providing our young people with a range of opportunities that will provide them with the skills to be successful adults.

The Trust has set ambitious academic targets for Key Stages 1, 2, 3 and 4 as well as stretching targets for improving attendance. Continuous Professional Development for all staff is at the heart of our operations to continually seek improvement in the service we provide. The Academy will continue to benchmark itself against national academic measures and also areas of specific interest and expertise - e.g. International Schools Award.

It will measure itself against internal annual School Improvement Plan and against the Aims and Objectives as outlined in both the Funding Agreement and the Memorandum of Association. The School Improvement Plan is developed around the 4 Ofsted themes and has a number of specific and measurable objectives.

As an outward facing school we will where appropriate continue to both share our expertise with others and to learn from them as we jointly seek to enhance the life opportunities of the young people we work with on a daily basis.

Auditors

Insofar as the governors are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the governors 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 auditors, Haines Watts Birmingham LLP, will be proposed for reappointment.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 12 December 2017 and signed on the board's behalf by:

.....
Mr J D C Wright - Chair of Trustees

KINGSTONE ACADEMY TRUST

Governance Statement
for the Year Ended 31 August 2017

Scope of Responsibility
As trustees, we acknowledge we have overall responsibility for ensuring that Kingstone 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 of loss.

The board of the 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 Kingstone 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 Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Category of Membership	Meetings Attended	Out of a possible
Mr Steven Fisher	Executive Headteacher ex-officio	6	6
Mrs Cressida Murphy	Staff Governor (resigned 16 October 2017)	1	6
Ms Victoria Tompkins	Staff Governor	1	6
Mrs Andrea Jordan	Parent Governor	2	6
Mrs Mary Macpherson	Parent Governor (resigned 3 February 2017)	1	2
Mr James Wright	Chair of Governors, Parent Governor	6	6
Dr Jeffrey Beatty	Community/Co-opted Governor	4	6
Mr Andrew Coates	Community/Co-opted Governor	3	6
Mrs A Ruth Deaville	Community/Co-opted Governor (resigned 31 January 2017)	0	2
Mr James Hanks	Community/Co-opted Governor	4	6
Dr Alan Lavers	Community/Co-opted Governor	5	6
Miss Susan Lloyd	Community/Co-opted Governor (resigned 14 July 2017)	2	6
Mr Robert Pinches	Community/Co-opted Governor	0	6

The **Finance and Personnel Committee** is a sub-committee of the main Governing Body. Its purpose is to consider and advise the governing body on standards and other matters relating to the school's finance and resources, including statutory requirements and the school's financial policy. During the year Mrs C. Williams, who is the School Finance Manager, attended the Committee meetings. Attendance at meetings in the year was as follows:

Governor	Category of Membership	Meetings Attended	Out of a possible
Mr Andrew Coates	Community/Co-opted Governor	3	4
Mrs A Ruth Deaville	Community/Co-opted Governor (resigned 31 January 2017)	1	1
Mr Steven Fisher	Executive Headteacher	4	4
Dr Alan Lavers	Community/Co-opted Governor	4	4
Miss Susan Lloyd	Community/Co-opted Governor (resigned 14 July 2017)	2	4
Mr Rob Pinches	Community/Co-opted Governor	0	4
Mr James Wright	Chair of Committee/Parent Governor	4	4

Review of Value for Money
I accept that as Accounting Officer for Kingstone High School, I am responsible and accountable for ensuring that the Academy Trust delivers good value for money in the use of public resources. I am aware of the guide to academy value for money statements published by the Education and Skills Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the Academy Trust's use of its resources has provided good value for money during the academic year.

At Kingstone & Thruxton Primary School, The improved Ofsted judgement moving the school from Requires improvement to Good is a judgement on the good work done by all over the previous year.

At Kingstone High School there has been a maintained improvement in key areas with core subject areas now ranked in the top 10% nationally.

Review of Value for Money
All of the school's work continues to focus essentially on improving the quality of its provision in order to enable all students to achieve the highest possible standards of attainment and progress.

The Academy employs 'Integrated Back Office Solutions In Education' (IBOSIE) as an advisor on its financial operations.

The Academy engages Haines Watts as external auditor, to carry out to carry out an additional programme of works including the annual audit and preparation of statutory accounts.

The Finance and Resources committee receives monthly budget monitoring reports and information relating to any tendering/procurement in accordance with the school's policies.

The budget is presented to the full Governing Body annually for approval. It also receives the Annual Audited Accounts and External Auditors' Management Report.

The school undertakes tendering exercises for significant contracts to ensure that they are competitive. For lower value contracts, three quotes are required. The school explores opportunities to increase revenues through the hire of facilities, grants and donations.

A risk register is maintained with high risks being reviewed termly and updated as necessary.

An independent business consultancy IBOSIE has been engaged to lead the budget exercise each year in conjunction with the Senior Leadership Team. To review previous expenditure and to use his information to inform changes and improvements to future plans. Action plans and strategic developments set out in the School Improvement Plan and Faculty Improvement Plans are incorporated into the budget process.

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 Kingstone Academy Trust for the period ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk
The Governing Body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 Governing Body.
- regular reviews by the Finance and Personnel Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

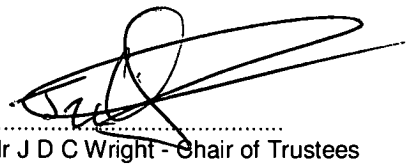
The Governing Body has considered the need for a specific internal audit function and has decided to appoint an internal auditor. For 2016-17 the governors appointed an experienced School Business manager, Wendy Cotton, as Internal Auditor; the internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems in accordance with guidelines laid down in the Academies Financial Handbook. The internal auditor has undertaken 2 visits and reported to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

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

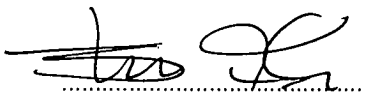
Review of Effectiveness
- the work of internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control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

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

Approved by order of the members of the board of trustees on 12 December 2017 and signed on its behalf by:



.....
Mr J D C Wright - Chair of Trustees



.....
Mr S W Fisher - Trustee

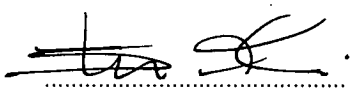
KINGSTONE ACADEMY TRUST

Statement on Regularity, Propriety and Compliance
for the year ended 31 August 2017

As Accounting Officer of Kingstone Academy Trust I have considered my responsibility to notify the charitable company 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 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Mr S W Fisher - Accounting Officer

Date: 12 December 2017

KINGSTONE ACADEMY TRUST

Statement of Trustees Responsibilities
for the year ended 31 August 2017

The trustees (who act as governors of Kingstone Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements 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 financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the board of trustees on 12 December 2017 and signed on its behalf by:

.....
Mr J D C Wright - Chair of Trustees

Report of the Independent Auditors to the Members of Kingstone Academy Trust

Opinion

We have audited the financial statements of Kingstone Academy Trust (the 'charitable company') for the year ended 31 August 2017 on pages sixteen to thirty three. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA).

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 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 Academies Accounts Direction 2016 to 2017.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Responsibilities of trustees
As explained more fully in the Statement of Trustees Responsibilities set out on page twelve, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Kevin Hodgetts (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

Date: 21.12.2017

Independent Reporting Accountant's Assurance Report on Regularity to Kingstone Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kingstone Academy Trust during the period 1 September 2016 to 31 August 2017 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 Kingstone Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kingstone Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Kingstone Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Kingstone Academy Trust's accounting officer and the reporting accountant
The accounting officer is responsible, under the requirements of Kingstone Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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 charitable company's income and expenditure.

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- A review of the Academy Trust's accounting and internal control procedures; and
- Consideration and review of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance

Conclusion
In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Haines Watts Birmingham LLP
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

Date: 21.12.2017

KINGSTONE ACADEMY TRUST

Statement of Financial Activities
for the year ended 31 August 2017

	Notes	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2017 Total funds £	2016 Total funds £
Income and endowments from						
Donations and capital grants	2	-	102,892	15,464	118,356	90,519
Charitable activities						
Funding for the academy's educational operations	3	-	2,584,335	-	2,584,335	2,855,503
Other trading activities	4	57,971	-	-	57,971	22,614
Investment income	5	215	-	-	215	913
Other income		14,817	-	-	14,817	448
Total		73,003	2,687,227	15,464	2,775,694	2,969,997
Expenditure on						
Raising funds		10,974	83,757	-	94,731	71,103
Charitable activities						
Academy's educational operations		10,616	2,900,780	106,036	3,017,432	3,078,309
Total	6	21,590	2,984,537	106,036	3,112,163	3,149,412
Net income/(expenditure)		51,413	(297,310)	(90,572)	(336,469)	(179,415)
Transfers between funds	18	(23,250)	123,751	(100,501)	-	-
Other recognised gains/(losses)						
Actuarial (losses)/ gains on defined benefit schemes		-	483,000	-	483,000	(763,000)
Net movement in funds		28,163	309,441	(191,073)	146,531	(942,415)
Reconciliation of funds						
Total funds brought forward		115,816	(1,892,401)	4,967,134	3,190,549	4,132,964
Total funds carried forward		143,979	(1,582,960)	4,776,061	3,337,080	3,190,549

The notes form part of these financial statements

KINGSTONE ACADEMY TRUST

Balance Sheet
At 31 August 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	12	**4,776,061**	4,876,975
Current assets			
Debtors	13	**117,184**	101,269
Cash at bank		**143,979**	334,212
		261,163	435,481
Creditors			
Amounts falling due within one year	14	**(88,144)**	(107,907)
Net current assets		**173,019**	327,574
Total assets less current liabilities		**4,949,080**	5,204,549
Pension liability	19	**(1,612,000)**	(2,014,000)
Net assets		**3,337,080**	3,190,549
Funds	18		
Unrestricted funds:			
General fund		**143,979**	115,816
Restricted funds:			
General restricted funds		**29,040**	121,599
Restricted fixed asset funds		**4,776,061**	4,967,134
Pension reserve		**(1,612,000)**	(2,014,000)
		3,193,101	3,074,733
Total funds		**3,337,080**	3,190,549

The financial statements were approved by the Board of Trustees on 12\12\17 and were signed on its behalf by:

Mr J D C Wright - Chair of Trustees

The notes form part of these financial statements

KINGSTONE ACADEMY TRUST

Cash Flow Statement
for the year ended 31 August 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	21	**(200,454)**	37,261
Interest paid		**(121)**	(64)
Net cash provided by (used in) operating activities		**(200,575)**	37,197
Cash flows from investing activities:			
Purchase of tangible fixed assets		**(5,122)**	(173,535)
Capital grants from DfE/ESFA		**15,464**	16,241
Net cash provided by (used in) investing activities		**10,342**	(157,294)
Change in cash and cash equivalents in the reporting period		**(190,233)**	(120,097)
Cash and cash equivalents at the beginning of the reporting period		**334,212**	454,309
Cash and cash equivalents at the end of the reporting period		**143,979**	334,212

The notes form part of these financial statements

1. Accounting policies

Basis of preparing the financial statements
The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

Income
All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

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

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

Capital grants are recognised 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.

Donations
Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income
Other income including the hire of facilities, is recognised in the period it is receivable and to the extent the charity 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'.

1. **Accounting policies - continued**

Expenditure
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Raising funds
Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities
Costs of charitable activities are incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Governance costs
These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and trustee's meetings and reimbursed expenses.

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

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

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 lives, as follows:

Long leasehold buildings	2%-20% straight-line method
Long leasehold land	not depreciated
Furniture, fittings and equipment	15%-20% straight line method
ICT equipment	33.3% straight line method

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

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

1. Accounting policies - continued

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. 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.

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.

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.

Pension benefits
Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

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 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 quinquennial valuations using a prospective benefit method. As stated in Note 19, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1. Accounting policies - continued

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19 , will impact upon the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Donations and capital grants

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Donations and contributions from other organisations	-	**5,789**	**5,789**	7,152
Capital grants	-	**15,464**	**15,464**	16,241
School trips and music income	-	**97,103**	**97,103**	67,126
	-	**118,356**	**118,356**	90,519

Grants received, included in the above, are as follows:

	2017 £	2016 £
Capital grant	**15,464**	16,241

3. Funding for the academy's educational operations

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
General Annual Grant (GAG)	-	**2,387,430**	**2,387,430**	2,679,484
Other DfE/YPLA	-	**190,703**	**190,703**	173,518
Local authority grants	-	-	-	2,501
Other income from the academy trust's educational operations	-	**6,202**	**6,202**	-
	-	**2,584,335**	**2,584,335**	2,855,503

4. Other trading activities

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Hire of facilities	19,287	-	19,287	22,614
Teaching services	38,684	-	38,684	-
	57,971	-	57,971	22,614

5. Investment income

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Short term deposits	215	-	215	913

6. Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other costs £	2017 Total £	2016 Total £
Raising funds					
Costs of fundraising	6,009	4,302	84,420	94,731	71,103
Charitable activities Academies educational operations					
Direct costs	1,555,291	107,045	113,531	1,775,867	1,921,601
Allocated support costs	759,595	231,041	250,929	1,241,565	1,227,541
	2,320,895	342,388	448,880	3,112,163	3,149,142

Net income/(expenditure) is stated after charging/(crediting):

	2017 £	2016 £
Auditors' remuneration	9,500	9,250
Auditors' remuneration for non audit work	8,010	10,051
Depreciation - owned assets	106,036	132,353

7. Charitable activities - academy's educational operations

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Direct costs	-	1,775,867	1,775,867	1,921,601
Support costs	10,616	1,172,700	1,241,565	1,156,708
	10,616	2,948,567	3,017,432	3,078,309

7. Charitable activities - academy's educational operations - continued

	2017 Total £	2016 Total £
Analysis of support costs		
Support staff costs	**757,638**	624,267
Technology costs	**67,476**	69,940
Premises costs	**231,041**	258,911
Other support costs	**165,943**	182,481
Governance costs	**19,467**	21,110
Total support costs	**1,241,565**	1,156,709

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

8. Trustees' remuneration and benefits

Principal and staff trustees only received remuneration in respect of services they provided undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

Employer's remuneration:	2017	2016
S Fisher (principal and trustee)	**£70,000 - £75,000**	£70,000 - £75,000
V Tomkins (staff trustee)	**£10,000 - £15,000**	£10,000 - £15,000
C Passmore (staff trustee)	**£40,000 - £45,000**	£20,000 - £25,000
Employer's pension contributions:		
S Fisher (principal and trustee)	**£10,000 - £15,000**	£10,000 - £15,000
V Tomkins (staff trustee)	**£0 - £5,000**	£0 - £5,000
C Passmore (staff trustee)	**£5,000 - £10,000**	£0 - £5,000

Trustees' expenses
There were no trustees' expenses paid for the year ended 31 August 2017 nor for the year ended 31 August 2016.

9. Staff costs

	2017	2016
	£	£
Wages and salaries	**1,829,171**	1,800,716
Social security costs	**123,561**	134,249
Operating costs of defined benefit pension schemes	**335,969**	294,798
	2,288,701	2,229,763
Supply teacher costs	**32,194**	22,818
	2,320,895	2,252,581

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	2017	2016
Teachers	**35**	34
Administration	**40**	43
Management	**3**	3
	78	80

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

	2017	2016
£70,001 - £80,000	**1**	1

The above employee participated in the Teacher's Pension Scheme. During the year ended 31 August 2017 pension contributions for this employee amounted to £11,594 (2016: £11,566).

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 £202,888 (2016: £201,857).

10. Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions accruing whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the costs for the year ended 31 August 2017 was £685 (2016: £672).

The costs of this insurance is included in the total insurance cost.

11. Comparatives for the statement of financial activities - 31 August 2016

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Income and endowments from				
Donations and capital grants	-	74,278	16,241	90,519
Charitable activities				
Funding for the academy's educational operations	-	2,855,503	-	2,855,503
Other trading activities	22,614	-	-	22,614
Investment income	913	-	-	913
Other income	448	-	-	448
Total	23,975	2,929,781	16,241	2,969,997
Expenditure on				
Raising funds	10,855	60,248	-	71,103
Charitable activities				
Academy's educational operations	10,336	2,935,620	132,353	3,078,309
Total	21,191	2,995,868	132,353	3,149,412
Net income/(expenditure)	2,784	(66,087)	(116,112)	(179,415)
Other recognised gains/(losses)				
Actuarial (losses)/ gains on defined benefit schemes	-	(763,000)	-	(763,000)
Net movement in funds	2,784	(829,087)	(116,112)	(942,415)
Reconciliation of funds				
Total funds brought forward	113,033	(1,063,316)	5,083,247	4,132,964
Total funds carried forward	115,817	(1,892,403)	4,967,135	3,190,549

12. Tangible fixed assets

	Long leasehold £	Computer Equipment £	Furniture and Equipment £	Totals £
Cost				
At 1 September 2016	5,312,357	112,336	24,886	5,449,579
Additions	5,122	-	-	5,122
At 31 August 2017	5,317,479	112,336	24,886	5,454,701
Depreciation				
At 1 September 2016	453,587	98,634	20,383	572,604
Charge for year	96,295	8,158	1,583	106,036
At 31 August 2017	549,882	106,792	21,966	678,640
Net book value				
At 31 August 2017	4,767,597	5,544	2,920	4,776,061
At 31 August 2016	4,858,770	13,702	4,503	4,876,975

Leasehold land and buildings are subject to a 125 year lease with the local authority.
Included in cost or valuation of land and buildings is leasehold land of £652,000 which is not depreciated.

13. Debtors: amounts falling due within one year

	2017	2016
	£	£
Trade debtors	**10,041**	1,379
VAT	**20,089**	18,220
Prepayments and accrued income	**87,054**	81,670
	117,184	101,269

14. Creditors: amounts falling due within one year

	2017	2016
	£	£
Social security and other taxes	**77,948**	78,701
Accruals and deferred income	**10,196**	29,206
	88,144	107,907

Deferred Income

	2017	2016
	£	£
Deferred income at 1 September 2016	**24,292**	12,287
Resources deferred in the year	**10,196**	24,292
Amounts released from previous years	**(24,292)**	(12,287)
Deferred income at 31 August 2017	**10,196**	24,292

At the balance sheet date the Trust was holding funds received in advance that relate to the 2017/18 academic year.

15. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Within one year	**24,645**	21,503
Between one and five years	**75,035**	52,835
	99,680	74,338

16. Members' liability

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

17. Analysis of net assets between funds

	Unrestricted fund	Restricted funds	Restricted fixed asset funds	2017 Total funds	2016 Total funds
	£	£	£	£	£
Fixed assets	-	-	4,776,061	4,776,061	4,876,975
Current assets	143,979	117,184	-	261,163	435,481
Current liabilities	-	(88,144)	-	(88,144)	(107,907)
Pension liability	-	(1,612,000)	-	(1,612,000)	(2,014,000)
	143,979	(1,582,960)	4,776,061	3,337,080	3,190,549

18. Movement in funds

	Balance at 1 September 2016 £000	Incoming Resources £000	Resources Expended £000	Gains, losses and Transfers £000	Balance at 31 August 2017 £000
Restricted general fund					
General Annual Grant (GAG)	99,401	2,387,430	(2,528,930)	71,139	29,040
Other DfE/ESFA Grants	-	190,703	(190,703)	-	-
Other restricted funds	22,198	109,094	(183,904)	52,612	-
	121,599	2,687,227	(2,903,537)	123,751	29,040
Restricted pension fund					
Pension reserve	(2,014,000)	-	(81,000)	483,000	(1,612,000)
	(1,892,401)	2,687,227	(2,984,537)	606,751	(1,582,960)
Restricted fixed asset fund					
DfE/ESFA capital grants	-	15,464	(15,464)	-	-
Capital expenditure from GAG	4,967,134	-	(90,572)	(100,501)	4,776,061
	4,967,134	15,464	(106,036)	(100,501)	4,776,061
Total restricted funds	3,074,733	2,702,691	(3,090,573)	506,250	3,193,101
Unrestricted funds	115,816	73,003	(21,590)	(23,250)	143,979
Total funds	3,190,549	2,775,694	(3,112,163)	483,000	3,337,080

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

General Annual Grant (GAG): must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA Grants: are utilised for the purposes intended by the donor.

Other Restricted General Funds: include payments made towards Academy trips.

The Pension Fund: is the surplus/(deficit) in the Local Government Pension Scheme.

Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation.

Unrestricted Funds: are all those income and expenses for general use in the Academy.

18. Movement in funds - continued

Analysis by Fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017	Total 2016
	£	£
Kingstone High School	**(13,552)**	101,162
Kingstone & Thruxton Primary School	**186,571**	136,253
	173,019	237,415
Restricted fixed asset fund	**4,776,061**	4,967,134
Pension reserve	**(1,612,000)**	(2,014,000)
Total	**3,337,080**	3,190,549

Analysis by cost

	Teaching	Other support	Educational supplies	Other (excluding depreciation)	Total
	£	£	£	£	£
Kingstone High School	1,189,384	439,881	26,642	593,046	2,248,953
Kingstone & Thruxton Primary School	365,906	236,758	9,878	144,632	757,174
Total	1,555,290	676,639	36,520	737,678	3,006,127

19. Pension and similar obligations

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

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

Contributions amounting to £31,918 were payable to the schemes at 31 August 2017 (2016: £33,357) and are included within creditors.

Teachers' pension scheme

Introduction

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

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.

19. Pension and similar obligations - continued

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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the period amounted to £198,121 (2016: £199,538).

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

Under the definitions set out in FRS 102, the TPS is 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 contribution made for the period ended 31 August 2017 was £155,470 (2016: £155,099), of which employer's contributions totalled £126,067 (2016: £124,891), and employees' contributions totalled £29,403 (2016: £30,118). The agreed contribution rates for future years are 14.8% for employers and a range of 5.5% to 9.9% for employees.

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

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Present value of funded obligations	**(2,583,000)**	(2,885,000)
Fair value of plan assets	**971,000**	871,000
	(1,612,000)	(2,014,000)
Deficit	**(1,612,000)**	(2,014,000)
Liability	**(1,612,000)**	(2,014,000)

19. Pension and similar obligations - continued

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Current service cost	**161,000**	112,000
Net interest from net defined benefit asset/liability	**44,000**	45,000
Admin expenses	**2,000**	2,000
	207,000	159,000
Actual return on plan assets	**144,000**	132,000

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Defined benefit obligation at start of period	**2,885,000**	1,811,000
Current service cost	**161,000**	112,000
Contributions by scheme participants	**29,000**	30,000
Interest cost	**64,000**	72,000
Benefits paid	**(56,000)**	(9,000)
Remeasurements:		
(Gain)/loss on assumptions	**(32,000)**	-
Experience (gain)/loss	**(468,000)**	869,000
	2,583,000	2,885,000

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Fair value of scheme assets at start of period	**871,000**	588,000
Assets interest	**20,000**	27,000
Admin expenses	**(2,000)**	(2,000)
Contributions by employer	**126,000**	131,000
Contributions by scheme participants	**29,000**	30,000
Benefits paid	**(56,000)**	(9,000)
Assets other remeasurement	**(17,000)**	106,000
	971,000	871,000

19. Pension and similar obligations - continued

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
(Gain)/loss on assumptions	**32,000**	-
Experience (gain)/loss	**468,000**	(869,000)
Assets other remeasurement	**(17,000)**	106,000
	483,000	(763,000)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
Equities	**86.1%**	83.4%
Bonds- Other	**5.2%**	6.3%
Property	**3.8%**	4.5%
Cash	**1.3%**	2.3%
Other	**3.6%**	3.5%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2017	2016
Discount rate	**2.2%**	4%
Future salary increases	**3.4%**	3.8%
Future pension increases	**2%**	2.3%
Inflation assumption	**1.9%**	2.3%

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

	At 31 August 2017 (years)	At 31 August 2016 (years)
Retiring today		
Males	22.6	23.5
Females	25.6	25.9
Retiring in 20 years		
Males	24.8	25.8
Females	27.9	28.2

Sensitivity analysis as at 31 August 2017

	Central	**Sensitivity 1**	**Sensitivity 2**	**Sensitivity 3**	**Sensitivity 4**
		+0.1.% p.a. discount rate	+0.1% p.a. inflation	+0.1% p.a. pay growth	1 year increase in life expectancy
	£000s	£000s	£000s	£000s	£000s
Liabilities	2,583	2,526	2,642	2,591	2,630
Assets	(971)	(971)	(971)	(971)	(971)
Deficit/(Surplus)	1,612	1,555	1,671	1,620	1,659
Projected Service Cost for next year	162	157	167	162	165
Projected Net Interest Cost for next year	37	37	39	37	38

20. Related party disclosures

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest.

All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations, the Academies Financial Handbook and normal procurement procedures.

There were no related party transactions for the year ended 31 August 2017 other than certain Trustees' remuneration and expenses already disclosed in note 8.

21. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017	2016
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	**(336,469)**	(179,415)
Adjustments for:		
Depreciation	**106,036**	132,353
Capital grants from DfE/ESFA	**(15,464)**	(16,241)
Interest paid	**121**	64
(Increase)/decrease in debtors	**(15,915)**	66,780
(Decrease)/increase in creditors	**(19,763)**	5,720
Difference between pension charge and cash contributions	**81,000**	28,000
Net cash provided by (used in) operating activities	**(200,454)**	37,261