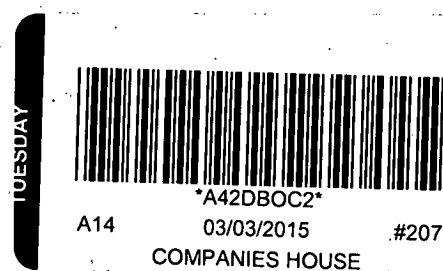


KINGSTONE ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 AUGUST 2014



Company Registration Number: 07681857 (England and Wales)

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KINGSTONE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Governors (Trustees)

Mr Steven Fisher*	Executive Headteacher	Kingstone Academy Trust (appointed 20.05.14) (resigned 29.04.14)
Dr Jeffrey Beatty	Community/Co-opted Governor	
Reverend Claire Dyson	Community/Co-opted Governor	
Dr James Hanks	Community/Co-opted Governor	
Mrs Jill Shearer	Chair of Governors, Parent Governor	
Mr Clive Watkins*	Community/Co-opted Governor	
Mr James Wright*	Parent Governor	
Mrs Denise Kennedy*	Community/Co-opted Governor	(resigned 18.07.14)
Mrs Jane Arbuthnott	Staff Governor	(resigned 17.06.14)
Mr Robert Pinches*	Community Governor	
Mrs Victoria Tomkins	Parent Governor; Staff Governor from 01.09.14	
Mrs Annie Butterworth	Parent Governor	(resigned 09.10.14)
Mr Andrew Coates*	Parent Governor; Community Governor from 20.05.14	
Mrs Mary Macpherson*	Parent Governor	(appointed 20.05.14)
Mrs Julie Jones	Staff Governor	(resigned 30.09.13)
Mrs Claire Hargest	Staff Governor	(appointed 20.05.14)
* members of the Finance and General Purpose Committee		

Company Secretary

Mr Norman Moon

Senior Management Team:

Executive Headteacher
Deputy Headteacher
Assistant Headteacher
Assistant Headteacher (appointed 15.04.13)

Mr Steven Fisher
Mr Lee Butler
Mrs Hilary Bowler
Mrs Elissa Vigus

Principal and Registered Office

Kingstone Academy Trust
Kingstone High School
Kingstone
Herefordshire
HR2 9HJ

Company Registration Number

07681857 (England & Wales)

Independent Auditor

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

Bankers

Lloyds TSB Commercial
4 The Cross
Worcester
WR1 3PY

Solicitors

Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

KINGSTONE ACADEMY TRUST

GOVERNORS' REPORT

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2014.

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 2.

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.

Governors' 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 (2013: £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.

KINGSTONE ACADEMY TRUST

GOVERNORS' REPORT (continued)

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.

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 the Local Authority provides 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 direction of the Academy, capital expenditure and staff appointments.

The Senior Leadership Team is comprised of the Executive Headteacher, a Deputy Headteacher, a Head of Primary, two Assistant Headteachers and the Academy Business Manager. 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.

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 governors have implemented a system to assess 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. They 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.

KINGSTONE ACADEMY TRUST

GOVERNORS' REPORT (continued)

Connected Organisations, including Related Party Relationships

Kingstone Academy Trust is a multi-academy Trust formed between Kingstone High School and Kingstone & Thrupton 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. This organisation is 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.

Objectives and Activities

Objects 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 school continues to augment its teaching by focussing 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 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

Achievements and Performance

In Kingstone & Thruxton Primary School, improvement has continued, particularly in Level 4s. This year's Key Stage 2 results show that in Reading, Writing and Maths there was a sustained improvement over the last 3 years, exceeding national averages in all subjects.

KINGSTONE ACADEMY TRUST

GOVERNORS' REPORT (continued)

Achievements and Performance (continued)

KS2:

% making good progress from KS1 - reading 93%; writing 97%; maths 100%
% achieving level 4+: writing 88% (83%); reading 100% (86%); maths 94% (85%)
% achieving level 5: writing 25% (30%); reading 41% (44%); maths 31% (41%)
% achieving level 4 in all areas has increased 3 years in a row

National averages for 2013 are in brackets.

KS1

% achieving L2+ - reading 80% (90%); writing 76% (86%); maths 92% (92%)
% achieving L3+ - reading 24% (31%); writing 12% (16%); maths 20% (24%)

At Kingstone High School there has also been an improvement in many aspects of academic performance in KS4. In the key indicator of 5A*-C including Maths and English there was an improvement and there were other significant gains.

Percentage of students achieving 5+ A*- C incl. Level 2 Eng. & Maths: 46%
Percentage of students achieving 5+ A*- C grades: 62%
Percentage of students achieving 5+ A*- G grades: 91%
Percentage of students achieving 1+ A*- G grades: 98%
Percentage of students achieving 3+ levels progress in English: 61%
Percentage of students achieving 3+ levels progress in Maths: 59%
Percentage of students achieving 2 grades A*- C in Science: 37%

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 4 areas of judgement currently used by Ofsted to inspect and grade schools. These 4 areas are Achievement, Teaching and Learning, Behaviour and Safety and Leadership and Management.

<u>Numbers on Roll</u>	High School	Primary School
• 2013-14	380	169
• 2012-13	501	176

Like the vast majority of schools across the county of Herefordshire, the high school has suffered from declining numbers due to demographic changes. The primary school numbers are experiencing a dip due to an unusually small Year 6 group, but numbers are expected to rise again from September.

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

KINGSTONE ACADEMY TRUST

GOVERNORS' REPORT (continued)

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

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 2014 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 2005), 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 2014, total expenditure of £3,320,621 (2013: 3,570,276) was covered by recurrent grant funding from the DfE together with other incoming resources. The net incoming or outgoing resources for the period, before transfers and revaluations, was a deficit of £29,749 (2013: surplus of £56,165).

At 31 August 2014, the net book value of fixed assets was £4,945,117 (2013: £4,796,303) and movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

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.

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.

KINGSTONE ACADEMY TRUST

GOVERNORS' REPORT (continued)

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

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 £113,033 (2013: £113,033), all of which is free reserves. The level of General Restricted Funds stands at £301,033 (2013: £431,215) at the year end.

Investment Policy

Should funds become available to invest, the chosen investment vehicle will be short term Money Market deposits. The Academy Business Manager 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.

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 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.

Kingstone High School is committed to:

Kingstone High School has arrested the decline in standards that had been a feature of the previous three years. The August 2014 GCSE results that there were increases to the numbers of students making progress in English and Maths. And that the key indicator of 5A* - C including English & Maths showed a 7% improvement on the previous year.

As the result of a downgrading to Requires Improvement in a Section 5 Ofsted inspection in May 2013 the school was visited three times last year by an HMI, his visits noted the improvements being made.

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 the annual audit and to assist with the 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.

KINGSTONE ACADEMY TRUST

GOVERNORS' REPORT (continued)

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 this 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.

Plans for Future Periods

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 measureable 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.

Approved by order of the Governing Body on11/12/14..... and signed on its behalf by:



Mrs Jill Shearer
Chair of Governors

KINGSTONE ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of Responsibility

As governors, 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 or loss.

The Governing Body has delegated the day-to-day responsibility to the Headteacher 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 Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The Governing Body has formally met seven times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Category of membership	Meetings attended	Out of a possible
Mr Steven Fisher	Executive Headteacher ex-officio	21	22
Mrs Clare Hargest	Staff Governor (appointed 20.05.14)	3	4
Jane Arbuthnott	Staff Governor (resigned 17.06.14)	15	16
Mrs Annie Butterworth	Parent Governor	15	16
Mrs Mary Macpherson	Parent Governor (appointed 20.05.14)	1	2
Mrs Jill Shearer	Chair of Governors, Parent Governor	15	16
Mr James Wright	Parent Governor	13	16
Mrs Victoria Tomkins	Parent Governor	12	16
Dr Jeffrey Beatty	Community/Co-opted Governor (appointed 20.05.14)	1	2
Andrew Coates	Community/Co-opted Governor from 20.05.14	13	16
Chris Donovan	Community/Co-opted Governor	10	16
Reverend Clare Dyson	Community/Co-opted Governor (resigned 29.04.14)	11	12
Dr James Hanks	Community/Co-opted Governor	12	16
Denise Kennedy	Community/Co-opted Governor	13	16
Mr Robert Pinches	Community/Co-opted Governor	11	16
Mr Clive Watkins	Community/Co-opted Governor	10	16

GOVERNANCE STATEMENT (continued)

The Finance and General Purposes 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 the School Business Manager attended the Committee meetings. Attendance at meetings in the year was as follows:

Governor		Meetings Attended	Out of a possible
James Wright	Chair of Committee	5	6
Andrew Coates	Community/Co-opted Governor	5	6
Chris Donovan	Community/Co-opted Governor	4	6
Steven Fisher	Executive Head teacher	6	6
Claire Hargest	Staff Governor	1	1
Mary Macpherson	Parent Governor	1	1
Rob Pinches	Community/Co-opted Governor	4	6
Clive Watkins	Community/Co-opted Governor	4	6

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 2014 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 2014 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 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;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors appointed Mr A Edwards, who is an Associate of the Chartered Institute of Bankers, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The RO reported to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

GOVERNANCE STATEMENT (continued)

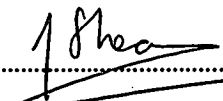
Review of Effectiveness

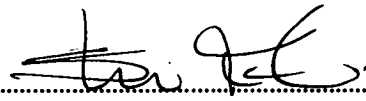
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- 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 General Purposes 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 Governing Body on11/12/14..... and signed on its behalf by:


.....
Mrs Jill Shearer
Chair of Governors


.....
Mr Steven Fisher
Accounting Officer

KINGSTONE ACADEMY TRUST

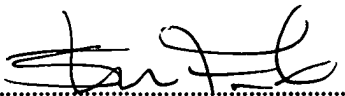
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Kingstone Academy Trust, I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I, and the Academy Trust Governing Body 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.

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

Signed:


.....

Mr Steven Fisher
Accounting Officer

KINGSTONE ACADEMY TRUST

STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

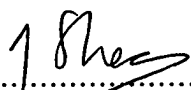
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The Governors 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Governors on.....11/12/14..... and signed on its behalf by:


.....
Mrs Jill Shearer
Chair of Governors

KINGSTONE ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSTONE ACADEMY TRUST

We have audited the financial statements of Kingstone Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 15, the governors/trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2014, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

KINGSTONE ACADEMY TRUST

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSTONE ACADEMY TRUST
(continued)**

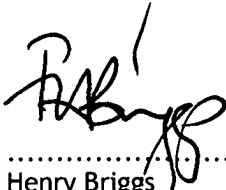
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



.....
Henry Briggs
Senior Statutory Auditor

For and on behalf of Haines Watts Birmingham LLP
Chartered Accountants and Statutory Auditor
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

18 December 2014

KINGSTONE ACADEMY TRUST

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

In accordance with the terms of our engagement letter dated 30 June 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 01 September 2013 to 31 August 2014 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Kingstone Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Kingstone Academy Trust and EFA, 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 01 August 2011 and the Academies Financial Handbook, extant from 1 September 2013 (updated October 2013), 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 2013 to 2014. 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 01 September 2013 to 31 August 2014 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

KINGSTONE ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGSTONE ACADEMY TRUST AND EDUCATION FUNDING AGENCY (continued)

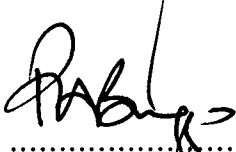
The work undertaken to draw our conclusion includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters

This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Henry Briggs
Reporting Accountant

For and on behalf of Haines Watts Birmingham LLP
Chartered Accountants and Statutory Auditor
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

18 December 2014

KINGSTONE ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2014

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Incoming resources							
<i>Incoming resources from generated funds:</i>							
Voluntary income	3	11,159	128,879	-	-	140,038	274,815
Activities for generating funds	4	8,199	-	-	-	8,199	70,270
Investment income	5	1,659	-	-	-	1,659	1,179
<i>Incoming resources from charitable activities:</i>							
Funding for the Academy's educational operations	6	14,532	3,622,993	-	183,914	3,821,439	3,869,054
Total incoming resources		35,549	3,751,872	-	183,914	3,971,335	4,215,318
Resources expended							
<i>Cost of generating funds:</i>							
Costs of activities for generating fund:	7	8,199	53,200	-	-	61,399	-
<i>Charitable activities:</i>							
Academy's educational operations	8	27,350	3,724,162	35,000	134,906	3,921,418	4,142,391
Governance costs	9	-	18,267	-	-	18,267	16,762
Total resources expended	7	35,549	3,795,629	35,000	134,906	4,001,084	4,159,153
Net (outgoing)/incoming resources before transfers		-	(43,757)	(35,000)	49,008	(29,749)	56,165
Gross transfers between funds	16	-	(86,425)	-	86,425	-	-
Net income for the year		-	(130,182)	(35,000)	135,433	(29,749)	56,165
Other recognised gains and losses							
Actuarial (losses)/gains on defined benefit pension schemes	16, 26	-	-	(334,000)	-	(334,000)	23,000
Net movement in funds		-	(130,182)	(369,000)	135,433	(363,749)	79,165
Reconciliation of funds							
Funds brought forward at 1 September 2	16	113,033	431,215	(766,000)	4,809,684	4,587,932	4,508,767
Funds carried forward at 31 August 2014		113,033	301,033	(1,135,000)	4,945,117	4,224,183	4,587,932

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.


A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

KINGSTONE ACADEMY TRUST

BALANCE SHEET AS AT 31 AUGUST 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	13		4,945,117		4,796,303
Current assets					
Debtors	14	447,405		118,315	
Cash at bank and in hand		<u>249,846</u>		<u>826,902</u>	
		697,251		945,217	
Creditors: Amounts falling due within one year	15	<u>(283,185)</u>		<u>(387,588)</u>	
Net current assets			<u>414,066</u>		<u>557,629</u>
Total assets less current liabilities			<u>5,359,183</u>		<u>5,353,932</u>
Pension scheme liability	26		(1,135,000)		(766,000)
Net assets including pension liability			<u>4,224,183</u>		<u>4,587,932</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund(s)	16		4,945,117		4,809,684
General fund(s)	16		301,033		431,215
Pension reserve	16		<u>(1,135,000)</u>		<u>(766,000)</u>
Total restricted funds			<u>4,111,150</u>		<u>4,474,899</u>
Unrestricted funds	16		113,033		113,033
Total funds			<u>4,224,183</u>		<u>4,587,932</u>

The financial statements on pages 20 to 36 were approved by the Trustees, and authorised for issue on 11/12/14 and are signed on their behalf by:


 Mrs Jill Shearer
 Chair

Company Limited by Guarantee
 Registration Number 07681857

KINGSTONE ACADEMY TRUST

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	20	(480,353)	(75,814)
Returns on investments and servicing of finance	21	1,659	1,179
Capital expenditure	22	(98,362)	117,894
Increase in cash in the year	23	(577,056)	43,259
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		826,902	783,643
Net funds at 31 August 2014		<u>249,846</u>	<u>826,902</u>

1 Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

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

Incoming Resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

· 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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

· Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

· Other income

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

· Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies.

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs. All resources expended are inclusive of irrecoverable VAT.

· Costs of generating funds

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

· Charitable activities

These are costs incurred on the Academy's educational operations.

· 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.

1 Accounting Policies (continued)**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% straight-line method
Furniture, fittings and equipment	15%-20% straight line method
ICT equipment	33.3% straight line method
Motor Vehicles	20% 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.

Leased Assets

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

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.

Pensions 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 27, 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.

1 Accounting Policies (continued)**Pension Benefits (continued)**

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.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

2 General Annual Grant (GAG)

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 2014.

3 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Capital grants (2014 - see note 6)	-	-	-	129,230
School trips etc.	-	79,856	79,856	96,979
Music income	-	13,115	13,115	31,879
Other donations				
- Other grants and payments	11,159	35,562	46,721	2,547
- Contributions from other organisations	-	346	346	14,180
	<u>11,159</u>	<u>128,879</u>	<u>140,038</u>	<u>274,815</u>

In 2013/14, capital grants are shown within Funding for the Academy Trust's Educational Operations (see note 6). This new classification is in accordance with the 2013/14 Academy Accounts Direction issued by the Education Funding Agency.

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Hire of facilities	6,057	-	6,057	21,705
Room and building hire	-	-	-	17,363
Income from other schools	-	-	-	581
Other income	2,142	-	2,142	29,067
Catering income	-	-	-	1,554
	<u>8,199</u>	<u>-</u>	<u>8,199</u>	<u>70,270</u>

KINGSTONE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (CONTINUED)

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Short term deposits	1,659	-	1,659	1,179
	<u>1,659</u>	<u>-</u>	<u>1,659</u>	<u>1,179</u>

6 Funding for Academy's Educational Operations

Consolidated

DfE/EFA revenue grants

General Annual Grant (GAG) (note 2)

Capital Grants (2013 - see note 3)

Other DfE/EFA grants

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
	-	3,354,936	3,354,936	3,613,217
	-	183,914	183,914	-
	14,532	231,407	245,939	255,837
	<u>14,532</u>	<u>3,770,257</u>	<u>3,784,789</u>	<u>3,869,054</u>

Other Government Grants

Local authority grants

Special educational projects

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
	-	33,161	33,161	-
	-	3,489	3,489	-
	-	36,650	36,650	-
	<u>14,532</u>	<u>3,806,907</u>	<u>3,821,439</u>	<u>3,869,054</u>

High School

DfE/EFA revenue grants

General Annual Grant (GAG) (note 2)

Capital Grants

Other DfE/EFA grants

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
	-	2,628,120	2,628,120	2,904,595
	-	31,284	31,284	-
	14,532	186,804	201,336	205,694
	<u>14,532</u>	<u>2,846,208</u>	<u>2,860,740</u>	<u>3,110,289</u>

Other Government Grants

Local authority grants

Special educational projects

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
	-	24,691	24,691	-
	-	2,000	2,000	-
	-	26,691	26,691	-
	<u>14,532</u>	<u>2,872,899</u>	<u>2,887,431</u>	<u>3,110,289</u>

Primary School

DfE/EFA revenue grants

General Annual Grant (GAG) (note 2)

Capital Grants

Other DfE/EFA grants

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
	-	726,816	726,816	708,622
	-	152,630	152,630	-
	-	44,603	44,603	50,143
	-	924,049	924,049	758,765

Other Government Grants

Local authority grants

Special educational projects

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
	-	8,470	8,470	-
	-	1,489	1,489	-
	-	9,959	9,959	-
	-	934,008	934,008	758,765

7 Resources Expended

	Staff Costs	Non Pay Expenditure		Total	Total
	£	Premises	Other Costs	2014	2013
	£	£	£	£	£
Costs of activities for generating funds:					
Hire of facilities	1,764	4,326	2,109	8,199	-
School fund expenditure	-	-	53,200	53,200	-
	1,764	4,326	55,309	61,399	-
Academy's educational operations:					
Direct costs	1,963,011	133,459	315,162	2,411,632	3,145,446
Allocated support costs	851,997	315,236	342,553	1,509,786	996,945
	2,815,008	448,695	657,715	3,921,418	4,142,391
Governance costs including allocated support costs	-	-	18,267	18,267	16,762
Total resources expended	2,816,772	453,021	731,291	4,001,084	4,159,153

The method used for the apportionment of support costs is disclosed in the accounting policies.

Incoming/outgoing resources for the year include:

	2014	2013
	£	£
Operating leases:		
Other	32,083	21,631
Loss on disposal of fixed assets	1,447	-
Auditors remuneration - audit	8,800	10,760
- other services	2,100	2,800

8 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds	Restricted Funds	Total	Total
	£	£	2014	2013
	£	£	£	£
Direct costs				
Teaching and educational support staff costs	-	1,963,011	1,963,011	2,644,054
Depreciation	-	133,459	133,459	86,901
Educational supplies	10	134,078	134,088	263,814
Examination fees	-	30,695	30,695	40,077
Staff development	-	22,547	22,547	15,157
Educational consultancy	16,032	78,612	94,644	70,443
Finance cost - defined benefit pension	-	-	-	25,000
Other direct costs	-	33,188	33,188	-
	16,042	2,395,590	2,411,632	3,145,446
Allocated support costs				
Support staff costs	3,031	706,966	709,997	338,496
Depreciation	-	-	-	19,430
Technology	-	106,217	106,217	-
Recruitment and support	-	20,177	20,177	19,570
Maintenance of premises and	1,235	118,079	119,314	275,381
Administrative supplies	-	81,781	81,781	109,294
Cleaning	2,714	41,821	44,535	49,427
Rent & rates	-	17,906	17,906	17,497
Energy costs	3,479	62,688	66,167	-
Insurance	-	66,601	66,601	41,865
Security	-	713	713	-
Transport	689	11,215	11,904	-
Catering	-	37,477	37,477	36,470
Bank interest and charges	160	143	303	-
Professional services	-	80,582	80,582	80,425
Pension service charge and interest	-	142,000	142,000	-
Other support costs	-	4,112	4,112	9,090
	11,308	1,498,478	1,509,786	996,945
	27,350	3,894,068	3,921,418	4,142,391

9 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	4,739	4,739	478
Auditor's remuneration:				
• Audit of financial statements	-	8,800	8,800	10,760
• Accountancy, taxation and other services	-	2,100	2,100	2,800
Support staff costs:				
• Clerk to the Trustees	-	2,628	2,628	1,877
• Trustees' reimbursed expenses	-	-	-	847
	-	18,267	18,267	16,762

10 Staff Costs

	2014 £	2013 £
Staff costs during the period were:		
Wages and salaries	2,156,624	2,345,553
Social security costs	145,784	165,052
Pension costs	352,531	339,382
	2,654,939	2,849,987
Supply teacher costs	107,277	66,513
Staff restructuring costs	54,556	67,927
	2,816,772	2,984,427

Staff restructuring costs relate to one severance payment totalling £54,556.

The average number of persons (including senior management team) employed by the Academy during the period, and the full time equivalents were as follows:

	2014 F-T Equiv.	2013 F-T Equiv.
Charitable Activities		
Teachers	34	39
Administration and support	28	35
Management	5	7
	67	81

The number of employees whose emoluments fell within the following bands was:

	2014 Number	2013 Number
£60,001 - £70,000	2	-
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
	3	1

All of the above 3 employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £23,949 (2013: £13,031).

KINGSTONE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (CONTINUED)

11 Trustees' Remuneration and Expenses

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:

S Fisher (principal and trustee)	£75,000 - £80,000	(2013: £nil)
- Appointed 04/02/14		
K Crawford (principal and trustee)	£10,000 - £15,000	(2013: £115,000 - £120,000)
- Resigned 11/09/13		
N Wright (staff trustee)	£nil	(2013: £25,000 - £30,000)
- Resigned 18/07/13		
J Arbutnott (staff trustee)	£20,000 - £25,000	(2013: 20,000 - £25,000)
- Resigned 15/07/14		
J Jones (staff trustee)	£0 - £5,000	(2013: £nil)
- Appointed 10/09/13		
C Hargest (staff trustee)	£0 - £5,000	(2013: £nil)
- Appointed 02/05/2014		

During the year ended 31 August 2014, there were no travel and subsistence expenses reimbursed to trustees (2013: £847). Related party transactions involving the trustees are set out in note 27.

12 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 occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £650 (2013: £905).

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

13 Tangible Fixed Assets

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost				
At 1 September 2013	4,938,631	18,789	47,212	5,004,632
Additions	212,123	1,276	70,324	283,723
Disposals	-	-	(27,726)	(27,726)
At 31 August 2014	5,150,754	20,065	89,810	5,260,629
Depreciation				
At 1 September 2013	173,066	7,152	28,111	208,329
Charged in year	90,751	4,014	38,697	133,462
Depreciation on disposals	-	-	(26,279)	(26,279)
At 31 August 2014	263,817	11,166	40,529	315,512
Net book values				
At 31 August 2014	4,886,937	8,899	49,281	4,945,117
At 31 August 2013	4,765,565	11,637	19,101	4,796,303

Leasehold land and building are subject to a 125 year lease with the local authority.

KINGSTONE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (CONTINUED)

14 Debtors

	2014 £	2013 £
Trade debtors	575	106,947
Prepayments and accrued income	394,297	3,365
VAT recoverable	52,533	8,003
	<u>447,405</u>	<u>118,315</u>

15 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	-	39,736
Other taxation and social security	86,814	90,579
Accruals and deferred income	196,371	257,273
	<u>283,185</u>	<u>387,588</u>

Deferred income

	2014 £	2013 £
Deferred Income at 1 September 2013	55,927	-
Resources deferred in the year	62,389	55,927
Amounts released from previous years	(55,927)	-
Deferred Income at 31 August 2014	<u>62,389</u>	<u>55,927</u>

At the balance sheet date the academy trust was holding funds received in advance for school trips, pupil premium and school meals all relating to autumn term 2014.

16 Funds

	Balance at 01.09.13 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31.08.14 £
Restricted general funds					
General Annual Grant (GAG)	25,428	3,378,187	(3,343,870)	-	59,745
Other DfE/EFA grants	-	208,157	(208,157)	-	-
Other restricted funds	405,787	165,528	(243,602)	(86,425)	241,288
	<u>431,215</u>	<u>3,751,872</u>	<u>(3,795,629)</u>	<u>(86,425)</u>	<u>301,033</u>
Restricted Pension Fund					
DfE/EFA capital grants	(766,000)	-	(35,000)	(334,000)	(1,135,000)
	<u>(766,000)</u>	<u>-</u>	<u>(35,000)</u>	<u>(334,000)</u>	<u>(1,135,000)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	4,809,684	183,914	(134,906)	86,425	4,945,117
Capital expenditure from GAG	-	-	-	-	-
Private sector capital sponsorship	-	-	-	-	-
	<u>4,809,684</u>	<u>183,914</u>	<u>(134,906)</u>	<u>86,425</u>	<u>4,945,117</u>
Total restricted funds	<u>4,474,899</u>	<u>3,935,786</u>	<u>(3,965,535)</u>	<u>(334,000)</u>	<u>4,111,150</u>
Unrestricted funds	<u>113,033</u>	<u>35,549</u>	<u>(35,549)</u>	<u>-</u>	<u>113,033</u>
Total funds	<u>4,587,932</u>	<u>3,971,335</u>	<u>(4,001,084)</u>	<u>(334,000)</u>	<u>4,224,183</u>

KINGSTONE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (CONTINUED)

16 Funds (continued)

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 2014.

Other DfE/EFA 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.

Analysis of Academies by Fund Balance

Fund balances at 31 August 2014 were allocated as follows:

	Total 2014 £	Total 2013 £
Kingstone High School	261,550	420,866
Kingstone & Thruxton Primary School	152,516	123,382
Total before fixed assets and pension reserve	414,066	544,248
Restricted fixed asset fund	4,945,117	4,809,684
Pension reserve	(1,135,000)	(766,000)
Total	4,224,183	4,587,932

Analysis of Academies by cost

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

	Teaching and Educational Support Staff costs £	Other Support Staff Costs £	Educational supplies £	Other costs (excluding deprecia- tion) £	Total £
Kingstone High School	1,988,129	251,132	216,397	741,968	3,197,626
Kingstone & Thruxton Primary School	536,566	69,683	53,713	143,496	803,458
Kingstone Academy Trust	2,524,695	320,815	270,110	885,464	4,001,084

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	-	4,945,117	4,945,117	4,796,303
Current assets	113,033	584,218	697,251	945,217
Current liabilities	-	(283,185)	(283,185)	(387,588)
Pension scheme liability	-	(1,135,000)	(1,135,000)	(766,000)
Total net assets	113,033	4,111,150	4,224,183	4,587,932

18 Capital commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements	10,400	36,874

KINGSTONE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (CONTINUED)

19 Financial commitments

Operating leases

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Other		
Expiring within one year	32,083	22,626
Expiring within two and five years inclusive	65,157	26,210
Expiring in greater than five years	1,931	-
	<u>99,171</u>	<u>48,836</u>

20 Reconciliation of net income to net cash inflow from operating activities

	2014 £	2013 £
Net income	(29,749)	56,165
Depreciation (note 13)	133,462	106,331
Capital grants from DfE/EFA and other capital income	(183,914)	(129,230)
Interest receivable (note 5)	(1,659)	(1,179)
FRS 17 pension cost less contributions payable (note 26)	35,000	-
FRS 17 pension finance (income)/cost (note 26)	-	25,000
Increase in debtors	(329,090)	(16,322)
Decrease in creditors	(104,403)	(116,579)
Net cash outflow from operating activities	<u>(480,353)</u>	<u>(75,814)</u>

21 Returns on investments and servicing of finance

	2014 £	2013 £
Interest received	1,659	1,179
Net cash inflow from returns on investment and servicing of finance	<u>1,659</u>	<u>1,179</u>

22 Capital expenditure and financial investment

	2014 £	2013 £
Purchase of tangible fixed assets	283,723	(11,336)
Capital grants from DfE/EFA	(183,914)	129,230
Receipts from sale of tangible fixed assets	(1,447)	-
Net cash outflow from capital expenditure and financial investment	<u>98,362</u>	<u>117,894</u>

23 Analysis of changes in net funds

	At 01.09.13 £	Cash flows £	At 31.08.14 £
Cash in hand and at bank	826,902	(577,056)	249,846
	<u>826,902</u>	<u>(577,056)</u>	<u>249,846</u>

24 Contingent Liabilities

There were no contingent liabilities as at 31 August 2014 and 31 August 2013.

25 Members' Liability

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

26 Pension and similar obligations

The Academy'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. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2014.

Outstanding contributions payable to the scheme as at 31 August 2014 amount to £42,044 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.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

26 Pension and similar obligations (continued)**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based career average earnings; an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside the 10 year protection.

In his interim report October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representative bodies to develop the reformed Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformed scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2014 was £132,677 (2013: £131,593) of which employer's contributions totalled £106,574 (2013: £101,132) and employees' contributions totalled £26,103 (2013: £30,461). The agreed contribution rates for future years are 18.5% for employers and between 5.5% and 12.5% for employees.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Principal Actuarial Assumptions**At 31.08.14 At 31.08.13**

Rate of increase in salaries	3.7%	3.9%
Rate of increase for pensions in payment / inflation	2.2%	2.4%
Discount rate for scheme liabilities	4.0%	4.6%
Inflation assumption (CPI)	2.2%	2.4%
Commutation of pensions to lump sums		

26 Pension and similar obligations (continued)

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

	At 31.08.14	At 31.08.13
<i>Retiring today</i>		
Males	23.3	22.5
Females	25.7	25.0
<i>Retiring in 20 years</i>		
Males	25.5	24.3
Females	28.0	27.0

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31.08.14 %	Expected return at 31.08.13 %	Fair value at 31.08.14 £	Fair value at 31.08.13 £
Equities	7.0	7.0	394,000	277,000
Bonds - Government	2.9	3.4	28,000	18,000
Bonds - Other	3.8	4.4	-	-
Property	6.2	5.7	-	-
Cash	0.5	0.5	5,000	12,000
Other	7.0	7.0	-	-
Total market value of assets			427,000	307,000
Present value of scheme liabilities - Funded			(1,562,000)	(1,073,000)
Deficit in the scheme			(1,135,000)	(766,000)

The actual return on scheme assets was £33,000 (2013: £36,000).

Amounts recognised in the statement of financial activities	2014 £	2013 £
Current service cost (net of employee contributions)	84,000	64,000
Past service cost	-	-
Total operating charge	84,000	64,000
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	(52,000)	(13,000)
Interest on pension liabilities	52,000	45,000
Pension finance income / (costs)	-	32,000

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £255,000.

Movements in the present value of defined benefit obligations were as follows:	2014 £	2013 £
At 1 September 2013	1,073,000	911,000
Current service cost	84,000	94,000
Interest cost	52,000	45,000
Employee contributions	26,000	30,000
Actuarial (gain)/loss	318,000	-
Curtailments and settlements	29,000	-
Benefits paid	(20,000)	(7,000)
At 31 August 2014	1,562,000	1,073,000

26 Pension and similar obligations (continued)

	2014 £	2013 £
Movements in the fair value of Academy's share of scheme assets:		
At 1 September 2013	307,000	147,000
Expected return on assets	23,000	13,000
Actuarial gain/(loss)	(16,000)	23,000
Employer contributions	107,000	101,000
Employee contributions	26,000	30,000
Benefits / transfers paid	(20,000)	(7,000)
At 31 August 2014	427,000	307,000

The estimated value of employer contributions for the year ending 31 August 2015 is £114,000.

The five-year history of experience adjustments is as follows:

	2014 £	2013 £	2012 £
Present value of defined benefit obligations	(1,562,000)	(1,073,000)	(911,000)
Fair value of share of scheme assets	427,000	307,000	147,000
Deficit in the scheme	(1,135,000)	(766,000)	(764,000)
Experience adjustments on share of scheme assets	(16,000)	23,000	56,000
Experience adjustments on scheme liabilities	(318,000)	-	-

27 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

There were no transactions with related parties during the period other than as disclosed in note 11 to the financial statements.