

**The Key Educational Trust
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2016

Company Registration Number: 07702211 (England and Wales)



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The Key Educational Trust

Reference and administrative details

Trust Members (from 1 September 2015 to 31 March 2016)

Revd P H C Kingman – Chair (*Incumbent of the United Benefice of Christ Church, Stone, Oulton and Moddershall*)

Mr A Stone (*Parochial Church of Christ Church, Stone*)

Mr C Hopkins (*Diocesan Director of Education on behalf of Lichfield Diocesan Board of Education*)

Mr A King (*Chair of Governors, Christ Church Academy*)

Mrs S Lockett (*Chair, Christ Church Trust Parent Teacher Association*)

Trust Members (from 1 April 2016 to 31 August 2016)

Revd P Kingman – Chair (*Incumbent of the United Benefice of Christ Church, Stone, Oulton and Moddershall*) & (*Chair of Directors*)

Mr C Hopkins (*CECET Representative*)

Mr A Stone (*PCC Representative*)

Directors (from 1 September 2015 to 31 March 2016)

Mr A King – (*Chair*) (*PCC Appointee*) (*Foundation*)

Mr J Heath - Vice Chair (*Foundation*)

Revd P Kingman (*Incumbent of the United Benefice*) (*Foundation*)

Mr R Brace (*Foundation*)

Mrs G Latos (*Foundation*)

Mr A Stone (*Foundation*)

Mrs K Latham (*Foundation*)

Miss J Butler (*Non-teaching staff*)

Mrs H Gilroy (*Parent appointee*)

Mr A Harp (*Local Authority*)

Mr D Wardle (*Parent appointee*)

Mr C Wright (*Principal*)

Mr R Shields (*Foundation*)

Mrs H Marsden (*Teaching staff*)

Directors (from 1 April 2016 to 31 August 2016)

Revd P Kingman (*Chair*)

Mrs G Latos (*Vice Chair*)

Mr P Wilson

Mrs J Doran

Mr C Wright

Mr S Hodgkinson

Mr N Chesters

Mr A King

Mrs J Hope

Mrs A Graham (*co-opted*)

Mrs D Wilkinson (*co-opted*)

The Key Educational Trust

Reference and administrative details (continued)

Academic Leadership Team (CCA)

Mr C Wright (*CEO*)

Mrs A Graham (*Vice Principal*)

Mrs C Johnstone (*Assistant Head Teacher*)

Miss E Rutherford (*Assistant Head Teacher*)

Mrs D Wilkinson (*Finance Director (Trust)*)

Mrs W Holdcroft (*SENCO*)

Academic Leadership Team (CCFS)

Mr N Chesters (*Headteacher*)

Ms S Barr (*Senior Teacher*)

Mrs J Smith (*PA to Headteacher*)

Academic Leadership Team (OFS)

Mrs M Melling (*Lead Teacher*)

Registered Office

Christ Church Trust

Old Road

Stone

Staffordshire

ST15 8JD

Company Registration Number

07702211

Auditors

Plant & Co Limited

Chartered Accountants and Registered Auditors

17 Lichfield Street

Stone

Staffordshire

ST15 8NA

Solicitors

Browne Jacobson

Mowbray House

Castle Meadow Road

Nottingham

NG2 1BJ

Bankers

Lloyds Bank Plc

25 Gresham Street

London

EC2V 7HN

The Key Educational Trust

Directors' Report

The Directors present their Annual Report together with the audited financial statements of the Key Educational Trust (KET) for the year ended 31 August 2016. The annual report serves the purposes of both a Directors' report, and a directors' report including a strategic report under company law.

Structure, Governance and Management

Constitution

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

The Directors form the Trust Board of the KET and the Chair and Vice Chair are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Key Educational Trust (company number 07702211).

Details of the Directors/Directors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Directors' Indemnities

Through the year, the Directors have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in Note 11 to the Financial Statements, the limit of this indemnity is £2,000,000.

Principle Activities

The principle activity of the KET is to provide a quality, free education for young people, aged 4 to 13, with the emphasis being on raising levels of achievement.

Method of Recruitment and Appointment or Election of Directors

The processes for appointing or electing the various types of Director at the KET are as follows:

1) *Foundation Directors* – The Directors of the Key Educational Trust have fully adopted the Lichfield Diocesan Board of Education Policy on Foundation Directors. This sets out the qualifications required and pre-appointment checks. It also details the appointment procedure together with suspension and/or removal procedures. This document is available upon request from the Trust.

2) *Parent Directors* – Parents, including carers, of registered pupils at the Trust, are eligible to stand as individuals for election as a Parent Director. They are elected by other parents at the Trust as individuals who are representative of the parental body. Suitable procedures have been put in place for the conduct of Parent Director elections.

3) *Staff Directors* – Both teaching and support staff paid to work at the Trust are eligible for Staff Directorship. Suitable procedures have been put in place for the conduct of Staff Director elections.

4) *Local Authority Directors* – The Local Authority Director was appointed by the Local Authority when the school was a maintained school and the Governing Body elected to keep the position upon conversion.

The Key Educational Trust

Directors' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Directors'

Following their appointment/election all new Directors receive an introduction to their role from the Chair of Directors and Principal. This introduction includes tours of the school's sites and the opportunity to meet other members of the Senior Management Team.

The Board of Directors at the KET are committed to providing adequate opportunities for Directors to undertake and receive suitable training so as to enable them to undertake their role more effectively.

To this end the Board of Directors maintains a Service Level Agreement with the Staffordshire County Council's Director Services Department. This Agreement allows for any or all of the members of the Governing bodies to attend any of the training courses provided by Staffordshire County Council.

All new Trustees/Directors are actively encouraged to take advantage of this agreement so as to gain a better understanding of the role and responsibilities of being a school Director. Additionally, Directors with specific roles within the Board of Directors/local Governing Bodies are strongly encouraged to undertake specific training.

The training and induction provided for new Directors will depend upon their existing experience. Specific training sessions are arranged for Trustees/Directors as and when required.

Organisational Structure

The KET is supported of the Board of Directors and the five members (as detailed on page 2), including the Chair of the Board of Directors.

In accordance with the Articles of Association, the KET has adopted revised Terms of Reference. There have been six full Governing Body meetings in this period, and sixteen committee meetings.

During the first Governing Body meeting of the period (September 2015) and the first KET Board Meeting (May 2016), the Chair and Vice-Chair were elected, together with Directors holding specific responsibilities. The full Board of Directors has nine members. Further to this there are seven committees, each with its individual focus on specific areas of the Trust. Members of the senior leadership team regularly attend meetings in order to provide key updates to Directors. There are a minimum of three Directors on each of these committees.

Christ Church Trust had the following Directors (September 2015):

- a) 14 Directors appointed by the Trust Members which includes;
- b) 8 Foundation Directors including the Incumbent of the United Benefice;
- c) 2 Staff Directors appointed by the Trust Members through such process as they may determine;
- d) The 1 Local Authority Director originally appointed by the LA;
- e) 2 Parent Directors elected by parents of pupils at the Trust;
- f) The Principal.

The KET had the following Board members (April 2016):

- a) 11 Board members appointed by the Trust Members which includes:
- b) 8 skill-based Directors representing the three schools within the Trust;
- c) 2 co-opted;
- d) The Principal.

The Directors who were in office at the date of the annual report, and those who served through the period are shown on page 2.

The day to day management of the charity is delegated to the Academic Leadership Teams, as shown on page 3.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

For teaching staff, the Trust adopts the Department for Education's published 'School Teacher's Pay and Conditions Document 2015' which offers guidance on school teacher's pay and conditions.

For non-teaching staff the Trust adopts the National Joint Council's published '2014-2016 Payscales and Allowances'.

The Key Educational Trust

Directors' Report (continued)

Connected Organisations, including Related Party Relationships

The School Fund of all three schools within the Trust has been aggregated into these accounts as the funds are under the control of the Trust. The income and expenditure of the School Fund are shown in the Trust's restricted and unrestricted general funds, as appropriate.

Christ Church Trust is party to a 125 year lease for the property and all related surroundings, the landlords being Lichfield Diocesan Board of Education and Staffordshire County Council. Oulton First School is party to a 125 year lease. Christ Church First School is party to a 125 year license. The benefits of these leases/licenses have been independently valued and included as restricted fixed asset income and included in the Balance Sheet as at the year end.

Objectives and Activities

Objects and Aims

The Trust holds a firm belief that in order to achieve our goals we will work in true partnership. The key stakeholders are the Directors, staff, pupils, parents, the community and other external influences. Through working together to an agreed set of guiding principles that will govern this partnership, we will create the foundation on which the partnership will flourish.

The principal activity of the Company is the operation of Key Educational Trust to provide education for pupils of differing abilities between the age of 4 and 13 with the emphasis being placed on raising levels of achievement. The key areas are:

Teaching and Learning; the curriculum, new technologies, inclusion and equality, intervention
Leadership and Management; Trust Organisation and Design, Workforce reform
Resources; Financial management, deployment, school environment
Community; Pupil support, mentoring, partnership of schools

The four areas listed above are essential and integral to the raising of achievement and it is the inter-relationship between these four areas which brings about pupil progress.

Objectives, Strategies and Activities

Within the key areas the main priorities across the Trust are listed below:

Teaching and Learning:

- To work with Leadership and Management to ensure that highly structured schemes of work reflect progression and differentiation;
- To work with Leadership and Management to ensure that assessment is effectively embedded in schemes of work;
- To review the use of data to focus on student progression;
- To ensure that work is matched to the needs and abilities of pupils
- To provide training opportunities in monitoring progression, learning walks, observation and work scrutiny;
- To ensure that effective intervention strategies are in place to drive for improvement alongside the SENCO and Senior Leaders;
- To work with Leadership and Management to maintain tracking and monitoring systems to deliver planned progression targets.

Leadership and Management:

- To manage each Trust's ongoing development;
- To analyse education policy changes and develop appropriate strategic planning;
- To develop effective leadership in the Academies with an emphasis on senior and middle leadership;
- To further develop leadership capacity across the Trust as well as within individual academies;
- To review self-review and evaluation processes/systems in order that priorities be met;
- To ensure the necessary meeting infrastructures are in place linked to effective CPD.

Resources:

- To work with Leadership and Management to ensure that all the necessary infrastructures are in place in order to enable progression to take place
- To work strategically with Leadership and Management to ensure that succession planning allows for continued high quality provision

The Key Educational Trust

Directors' Report (continued)

- To work with Teaching and Learning to ensure priorities for effective training opportunities are resourced

Community:

- To develop collaborative working arrangements with stakeholders, this includes parents, local businesses and feeder first schools
- To develop systems to share the best practice within the Trust and across the local partnership of schools
- To develop opportunity for other partnership schools to join the Trust

Other Strategies and Policies:

Equal Opportunities

The Trust recognises that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled Persons

Due to the age and nature of its premises the Trust cannot offer complete access to all curriculum areas and facilities at present. However, within these constraints, The Trust has made a number of reasonable adjustments to cater for staff and students with a range of disabilities, and is committed to making further improvements to provide increased access.

The Trust has implemented a number of detailed policies and guidelines in relation to all aspects of personnel matters including:

Equal Opportunities Policy
Health & Safety Policy
ICT Security Policy
Pay Policy
Performance Management Policy
Safeguarding Policy

In setting our objectives and planning our activities the Board of Directors have given careful consideration to the Charity Commission general guidance on public benefit.

Public Benefit

The Board of Directors have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by KET is the maintenance and development of the high quality education provided by the school to the young people within the local community. In doing this KET not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities, educational trips, visits and foreign exchange programmes are offered and undertaken

Strategic Report

Achievements and Performance

Christ Church Trust has enjoyed another successful year with the introduction of the new KS2 assessments. Whilst Maths attainment was disappointing, strategies have been put in place to address this in coming years. There was sustained good progress and attainment over the four-year period pupils are at the Trust. The Trust was again oversubscribed, and a decision was taken to exceed PAN and admit 145 pupils into 5 forms against a planned admission number of 120.

Performance for Christ Church First School and Oulton First School are detailed below alongside that of Christ Church Trust.

Extra-curricular and enrichment achievements

Pupils have continued to benefit from a wide and varied diet of extra-curricular opportunities. These take place during and after the school day and involve sporting, musical, artistic and academic activities. There can often be in excess of 70 or 80 pupils involved in such activities after school. Approximately 110 children returned to support the Open Morning on a

Directors' Report (continued)

Saturday in October, running activities in classrooms and hosting prospective parents.

The Trust has enjoyed significant sporting success in local and county events in the last year across the age groups and gender in both individual and team activities.

Community participation is important to pupils and they engage in a number of events including supporting first schools' sports events. Concerts and events over the year provide opportunities for pupils to display their talents in playing instruments, dancing and performing drama. These events also provide opportunities for pupils to take a lead in backstage activities such as lighting, sound and crew.

This year the Trust organised a second summer concert called 'Stone Rocks' that took place inside due to inclement weather. Talents were showcased and family, friends and the local community enjoyed a Saturday afternoon celebrating children's achievements. Pupils take part in the annual Stafford and Stone Sports Partnership Dance Festival, which is held at Stafford's Gatehouse Theatre and the choir and artists contributed to the Stone Lights ceremony and advent window event.

Pupils displayed a strong sense of responsibility to the community both local and afar. They organised several fund-raising activities over the year resulting in the Trust donating £1,151.80, to various charities, including Macmillan Cancer Support and Water Aid through a range of activities.

A wide range of enrichment trips were organised to support learning across the curriculum. This included day trips such as a Year 5 pupils' adventure & team building day at Birches Valley and Year 6 pupils' residential week undertaking outdoor and adventurous activities at Stanley Head. This prepares Year 6 finishing their primary education and make final preparations for the move into Key Stage 3, it also reinforces relationships with staff and each other.

The KS3 geography and science curricula are supported by the pupils having the opportunity to spend a week in North Wales whilst also engaging in team-building activities. Two children took part in a Remembrance trip to Northern France.

A large number of Year 8 pupils spent a week in France to consolidate their MFL learning.

A ski trip to America takes place on average every two years and in which current and past pupils are able to take part. The most recent trip took place in April 2014 and the next is scheduled for spring 2017.

The Trust community continued to benefit from excellent links with the parish team who lead a weekly worship time. The team also supports the running of the 'Seekers' extra-curricular club providing an opportunity for pupils to explore and learn about the Christian faith.

2016 Data

2015/16 figures

CCFS	Sch	LA	National	OFS	Sch	LA	National
EYFS GLD	73	74	–	EYFS GLD	81	–	–
Y1 Phonics	44	–	81	Y1 Phonics	91	–	81
Y2 Phonics	94	94	91	Y2 Phonics	100	–	91
KS1 Reading	70	77	74	KS1 Read	100	77	74
KS1 Writing	63	68	65	KS1 Writing	76.5	68	65
KS1 Maths	77	75	73	KS1 Maths	70.6	75	73
KS1 Science	77	84	82	KS1 Science	100	84	82
KS1 RWM	53	63	60.3	KS1 RWM	70.6	63	60.3
PP children	18%			PP children	N/A		

CCFS KS2 SATs	Sch	LA	National
Reading	69.6	66	65.6
Writing TA	97.8 (moderated)	74.1	74
GPS	73.9	71.5	72.4
Maths	63.8	68.3	69.7
RWM	53.6	51.7	53.2

In order to compare data with other schools nationally, Christ Church use GL assessments in English and Maths

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Directors' Report (continued)

English Attainment

Year group	Mean SAS	Cohort SAS
Year 5	100	103.0
Year 7	100	110.6
Year 8	100	106.8

Maths Attainment

Year group	Mean SAS	Cohort SAS
Year 5	100	100.5
Year 7	100	111.0
Year 8	100	112.9

English Progress (% of pupils)

Year group	Expected or better Progress	Better than expected	Lower than expected
Year 5	83%	46%	17%
Year 8	76%	21%	24%

Maths Progress (% of pupils)

Year group	Expected or better Progress	Better than expected	Lower than expected
Year 5	78%	23%	22%

To ensure that standards are maintained, the Trust operates a policy of lesson observations, intervention groups, moderation of assessments, book and planning trawls, pupil voice interviews and learning walks. Data tracking is carried out regularly to facilitate early intervention, pupil voice interviews and learning walks. Data tracking is carried out regularly to facilitate early intervention.

Key Performance Indicators

The following key performance indicators are considered when reviewing performance:

EYFS

Percentage of EYFS pupils achieving a Good Level of Development (GLD)

Key Stage 1

Percentage of Y1 pupils achieving expected standard in Phonics

Percentage of Y2 pupils achieving expected standard in Phonics in retest

Percentage of Y2 pupils achieving expected standard in Reading, Writing, Maths and Science

Key Stage 2

Percentage of pupils achieving scaled score of 100+

Percentage of pupils achieving scaled score of 100+ in Reading, Writing and Maths

Percentage of pupils making expected+ progress from KS1 to KS2

Going Concern

After making appropriate enquiries, the board of Directors has a reasonable expectation that the three academies have 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 Accounting Policies note of the financial statements.

The Key Educational Trust

Directors' Report (continued)

Financial Review

The majority of each Trust's income in the year was its General Annual Grant (GAG), the use of which is restricted to use in the furtherance of the objects of the Trust. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

Total income for the Trust during the year was £2.826 (2015 - £2.47m, excluding transfer of assets upon conversion) and total expenditure was £2.948m (2015 - £2.347m, excluding transfer of liabilities on conversion), giving rise to a deficit of £0.122m (2015 = £0.123m).

The Trust had cash reserves of £1.033m at the year-end (2015 - £0.721m).

The Trust's restricted funds at the year-end were £5.456 (2015 - £2.667m) and its unrestricted funds were £0.3m (2015 - £0.2m).

The Directors remain concerned with the deficit that the Local Government Pension Fund is reporting. (See Note 25 to the Financial Statements).

Reserves Policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements.

The Directors have identified a number of priorities for capital projects to improve the Trust's facilities, including the on-going need to replace a substantial proportion of the Trust's ICT infrastructure each year. The level of reserves will be kept under review by the Directors.

Investment Policy

The Trust holds no realisable investments. It does hold cash at bank and the Governing Body has adopted a low risk strategy in respect of these funds, their primary concern being to maintain adequate funds in the current account, to cover all anticipated requirements.

Principal Risks and Uncertainties

Risk Management

The Directors confirm that the major risks to which the Trust is exposed have been reviewed and systems have been established to mitigate those risks. The principal risks and uncertainties facing the Trust are as follows:

Risk Description	Action
Diminishing public perception due to possible failure to meet Ofsted's increased criteria.	School self-evaluation updated, new Improvement Plan developed in conjunction with staff and Directors, review of procedures
Disruption of pupils' education as a result of strike action (e.g. action over public sector pensions)	Take reasonable steps to keep the Trust open as normal without compromising strike action.
Financial uncertainties due to: <ul style="list-style-type: none">Lack of information more than a year in advanceChanges in funding formulaCost pressures (e.g. fuel, LGPS contributions, incremental drift)	Contribute to LA consultation process about funding proposals, raise concerns with EFA, plan according to current information (4 or 5 form entry, demographics, salary modellers)

Where significant financial risk still remains the Directors have ensured that they have in place adequate insurance cover. The Trust has an effective system of internal controls as detailed below.

Plans for Future Periods

In accordance with the aims of the Key Educational Trust, it will continue to drive improvements in the levels of performance of its pupils at all levels. It will continue its efforts to ensure that all pupils are well prepared for the next stage

The Key Educational Trust

Directors' Report (continued)

of their education. The Trust will continue to develop its facilities for its pupils and staff, and is currently considering a number of potential projects to improve the premises.

Funds held as Custodian Director on behalf of others

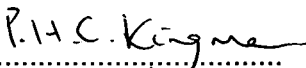
During the year ended 31 August 2016, The Key Educational Trust did not hold any funds as a custodian Director on behalf of any other charitable organisation.

Auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Directors 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 members of the Board of Directors on 5 December 2016 and signed on its behalf by:


.....
Rev P Kingman (Chair)

The Key Educational Trust

Governance Statement

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the CEO, 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 Key Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Directors any material weaknesses or breakdowns in internal control.

Governance

The Governance framework of the Trust is detailed within our Directors Report, starting on page 4 of these financial statements.

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Directors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer has set out in detail how the Trust has delivered improved value for money during the year in the Value for Money Statement issued. A summary of the key areas are as follows:

- Improving educational outcomes
- Financial governance and oversight
- Procurement
- Income generation
- Reviewing controls and managing risk
- Future plans and lessons learned

Statement on the system of internal financial controls

As Directors, we acknowledge we have overall responsibility for ensuring that the 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 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 the 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.

The Purpose of the System of Internal Control

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

Governance Statement (continued)

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

The Trust's system of internal financial controls 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 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 performances;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has retained a service level agreement with Staffordshire County Council. In accordance with the Academies Financial Handbook 2012, the Trust used the Premises committee to carry out the functions of an audit committee. The Directors have retained Mr John Heath as Responsible Officer (RO). The LA report to the RO giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. The Directors are satisfied that the RO's function has been delivered in line with the EFA's requirements. No material control issues have been identified as a result of the RO's work.

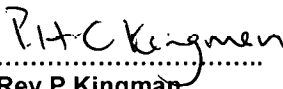
Review of Effectiveness


As Accounting Officer, the CEO 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 Premises Committee, undertaking the functions of an audit committee;
- the work carried out by the Local Authority in carrying out termly internal audit reviews;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Responsible Officer.

Approved by order of the members of the Governing Body on 5 December 2016 and signed on its behalf by:


.....
Rev P Kingman
(Chair)

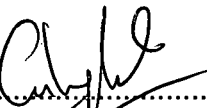

.....
Mr C M Wright
(Accounting Officer)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of the Key Educational Trust, I have considered my responsibility to notify the 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 Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Trust Governing Body are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2015.

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



.....
Mr C M Wright
Accounting officer

Date: 5 December 2016

The Key Educational Trust

Statement of Directors' Responsibilities

The Directors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report including the Strategic Report and the financial statements in accordance with applicable law United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction published by the Education Funding Agency.

Company law requires the Directors to prepare financial statements for each financial year, which 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 the year. In preparing these financial statements, the Directors are required to:

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

The Directors 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.

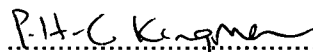
The Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DofE have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

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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 Directors 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 Governing Body on 5 December 2016 and signed on its behalf by:



Reverend P Kingman
(Chair)

The Key Educational Trust

Independent Auditor's Report to the Members of The Key Educational Trust

We have audited the financial statements of The Key Educational Trust for the year ended 31 August 2016 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Trust 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 Trust 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 Trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors' and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, the members and directors 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 (APB'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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors'; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. 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 Trust trust's affairs as at 31 August 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Annual 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

The Key Educational Trust

Independent Auditor's Report to the Members of The Key Educational Trust (continued)



Peter J Plant FCA (Senior Statutory Auditor)
For and on behalf of Plant & Co Limited, Chartered Accountants and Statutory Auditor
17 Lichfield Street
Stone
Staffordshire
ST15 8NA

Date: 5 December 2016

Independent Reporting Accountant's Assurance Report on Regularity to The Key Educational Trust and the Education Funding Agency

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

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

Respective responsibilities of The Key Educational Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Key Educational Trust's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- scrutinising ledgers and supporting evidence regarding the use of restricted funds;
- checking opening and closing fund reconciliations;
- reviewing the financial management information prepared by the finance committee and the minutes of the meeting of Directors; and
- undertaking assurance based testing as additional procedures in each area of our audit work, focusing on both the use of funds and the understanding by the accounting officer and Directors of their respective responsibilities, in particular how the systems in place assisted them in fulfilling those responsibilities.

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The Key Educational Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Key Educational Trust and the Education Funding Agency (continued)



.....
Mr P J Plant FCA
Reporting Accountant

Plant & Co Limited
Chartered Accountants and Registered Auditors
17 Lichfield Street
Stone
Staffordshire
ST15 8NA

Date: 5 December 2016

The Key Educational Trust

Statement of Financial Activities for the year ended 31 August 2016 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	3	-	11	14	15
Transfer from local authority on conversion	30		(139)	3,275	3,136	-
Charitable activities:						
Funding for the Trust's educational operations	5	-	2,748	-	2,748	2,415
Provision of boarding activities	28	-	-	-	-	-
Other trading activities	3	63	-	-	63	39
Investments	4	1	-	-	1	1
Total		67	2,609	3,286	5,962	2,470
Expenditure on:						
Raising funds		-	98	-	98	98
Charitable activities:						
Trust's educational operations	7,8	4	2,686	160	2,850	2,249
Provision of boarding activities	28	-	-	-	-	-
Other		-	-	-	-	-
Total	6	4	2,784	160	2,948	2,347
Net income / (expenditure)		63	(175)	3,126	3,014	123
Transfers between funds	18	-	11	(11)	-	-
Other recognised gains / (losses)						
Actuarial (losses)/gains on defined benefit pension schemes	18, 29	-	(162)	-	(162)	(10)
Net movement in funds		63	(326)	3,115	2,852	113
Reconciliation of funds:						
Total funds brought forward	18	197	(52)	2,719	2,864	2,751
Total funds carried forward	18	260	(378)	5,834	5,716	2,864

All income and expenditure derive from continuing activities.

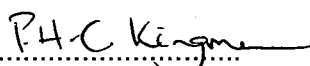
The statement of financial activities includes all gains and losses during the year.

The Key Educational Trust

Balance sheet as at 31 August 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	12		5,870		2,719
Current assets					
Stock		-		-	
Debtors	13	94		50	
Cash at bank and in hand		1,033		721	
		<u>1,127</u>		<u>771</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>254</u>		<u>135</u>	
Net current assets			<u>873</u>		<u>636</u>
Total assets less current liabilities			6,743		3,355
Creditors: Amounts falling due after more than one year			-		-
			<u>6,743</u>		<u>3,355</u>
Net assets / (liabilities) excluding pension liability					
Defined benefit pension scheme liability	25		1,027		491
Net assets / (liabilities) including pension liability			<u>5,716</u>		<u>2,864</u>
Funds of the Trust:					
Restricted funds					
Fixed asset fund	15	5,834		2,719	
General fund	15	649		439	
Pension reserve	15	<u>(1,027)</u>		<u>(491)</u>	
Total restricted funds			5,456		2,667
Unrestricted income funds	15		260		197
Total funds			<u>5,716</u>		<u>2,864</u>

The financial statements on pages 1 to 43 were approved by the Directors', and authorised for issue on 5 December 2016 and are signed on their behalf by:


 Reverend P Kingman
 (Chair)
 Company Limited by Guarantee
 Registration Number 07702211

The Key Educational Trust

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

	Notes	2016 £000	2015 £000
Cash transferred on conversion	30	171	-
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	19	165	167
Cash flows from investing activities	21	(24)	(51)
Cash flows from financing activities	20	-	-
Change in cash and cash equivalents in the reporting period	22	<u>312</u>	<u>116</u>
Cash and cash equivalents at 1 September 2015		721	605
Cash and cash equivalents at 31 August 2016		<u>1,033</u>	<u>721</u>

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

1 Statement of accounting policies

Basis of Preparation

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

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

Going Concern

The Directors 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 Trust to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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 incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Capital grants are recognised when receivable and are deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

- **Sponsorship income**

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided 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".

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

Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long leasehold land	-	2% straight line
Long leasehold buildings	-	2% straight line
Fixtures, fittings and equipment	-	15% reducing balance
ICT equipment	-	15% reducing balance

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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting Policies (continued)

Stock

Where material, stock consists of purchased goods for resale. Where material, stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Taxation

The 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 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 Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/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.

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The Director's do not believe that there are any areas of judgement that are critical to the financial statements.

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	11	11	11
Donated fixed assets	-	-	-	-
Other donations	3	-	3	4
	<u>3</u>	<u>11</u>	<u>14</u>	<u>15</u>

Income from donations and capital grants was £14,000 (2015 - £15,000) of which £3,000 (2015 - £4,000) was attributable to unrestricted funds, £Nil (2015 - £Nil) was attributable to restricted general funds and £11,000 (2015 - £11,000) was attributable to restricted fixed asset funds.

3 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	1	-	1	-
Provision of educational services	23	-	23	23
Trading income	39	-	39	16
	<u>63</u>	<u>-</u>	<u>63</u>	<u>39</u>

Income from other trading activities was £63,000 (2015 - £39,000) of which £63,000 (2015 - £39,000) was attributable to unrestricted funds, £Nil (2015 - £Nil) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

Investment income was £1,000 (2015 - £1,000) of which £1,000 (2015 - £1,000) was attributable to unrestricted funds, £nil (2015 - £nil) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

5 Funding for Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	2,516	2,516	2,176
Start-up grants	-	-	-	-
Other DfE/EFA grants	-	43	43	103
	<u>-</u>	<u>2,559</u>	<u>2,559</u>	<u>2,279</u>
Other Government grants				
Local authority grants	-	-	-	-
Special educational projects	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other income from the Trust's educational operations		189	189	136
	<u>-</u>	<u>2,748</u>	<u>2,748</u>	<u>2,415</u>

Funding for Trust's educational operations was £2.748m (2015 - £2.415m) of which £nil (2015 - £nil) was attributable to unrestricted funds, £2.748m (2015 - £2.415m) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

Contingencies and unfulfilled conditions attaching to government grants are detailed in note 15, where appropriate.

6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2016 £000	Total 2015 £000
Expenditure on raising funds	-	-	98	98	98
Trust's educational operations					
Direct costs	1,890	116	216	2,222	1,787
Allocated support costs	295	123	210	628	462
	<u>2,185</u>	<u>239</u>	<u>524</u>	<u>2,948</u>	<u>2,347</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Expenditure (continued)

£4,000 (2015 - £14,000) of the above expenditure on the Trust's educational operations was attributable to unrestricted funds, £2.784m (2015 - £2.247m) was attributable to restricted general funds and £160,000 (2015 - £72,000) was attributable to restricted fixed asset funds.

	2016 £000	2015 £000
Net income/(expenditure) for the year includes:		
Operating lease rentals	-	-
Depreciation	160	72
(Gain)/Loss on disposal of fixed asset	-	-
Fees payable to auditor for:		
Audit	8	4
Other services	-	-
	<u>168</u>	<u>76</u>

Included within resources expended are the following transactions.

	Total £	Individual items above £5,000	
		Amount £	Reason
Ex-gratia payments	-	-	n/a
Compensation payments	-	-	n/a
Gifts made by the trust	-	-	n/a
Fixed asset losses	-	-	n/a
Stock losses	-	-	n/a
Unrecoverable debts	-	-	n/a
Cash losses	-	-	n/a

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Charitable Activities

	Total 2016 £000	Total 2015 £000
<i>Direct costs – educational operations</i>	2,222	1,787
<i>Support costs – educational operations</i>	628	462
	<u>2,850</u>	<u>2,249</u>

Analysis of support costs

	Total 2016 £000	Total 2015 £000
Support staff costs	295	195
Depreciation	-	-
Premises costs	123	118
Other support costs	145	106
Governance costs	65	43
Total support costs	<u>628</u>	<u>462</u>

8 Staff

(a) Staff costs

	2016 £000	2015 £000
Staff costs during the period were:		
Wages and salaries	1,734	1,254
Social security costs	141	95
Operating costs of defined benefit pension schemes	281	200
	<u>2,156</u>	<u>1,549</u>
Supply staff costs	27	39
Staff restructuring costs	-	-
	<u>2,183</u>	<u>1,588</u>

Staff restructuring costs comprise:

Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

(b) Staff severance payments

No severance payments were made during the year (2015: £nil).

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff (continued)

(c) Staff numbers

The average number of persons (including senior management team) employed by the Trust during the year, and the full time equivalents, was as follows:

	2016 Number	2016 Full-time equivalent	2015 Number	2015 Full-time equivalent
Charitable Activities				
Teachers	33	30	25	24
Administration and support	48	26	26	16
Management	10	10	6	6
	<u>91</u>	<u>66</u>	<u>57</u>	<u>46</u>

(d) Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	1	1
£100,001 - £110,000	1	1
	<u>2</u>	<u>2</u>

(a) Key management personnel

The key management personnel of the Trust comprise the Directors and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £530,996 (2015: £441,759).

9 Central services

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

10 Related Party Transactions – Directors' Remuneration and Expenses

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

C Wright (Principal and Director)	£101,000 - £105,000 (2015: £101,000 - £105,000)
H Marsden (Staff Director)	£40,001 - £45,000 (2015: £35,000 - £40,000)
J Butler (Support Staff Director)	£10,001 - £15,000 (2015: £16,000 - £20,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £Nil (2015: £Nil) were reimbursed to the Directors'.

Other related party transactions involving the Directors' are set out in note 26.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

11 Directors' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Directors' and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5m on any one claim and the cost for the year ended 31 August 2016 was £832 (2015: £832). The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 September 2015	2,669	110	82	-	2,861
Transfer on conversion	3,105	120	50	-	3,275
Additions	16	-	20	-	36
Disposals	-	-	-	-	-
At 31 August 2016	5,790	230	152	-	6,172
Depreciation					
At 1 September 2015	54	52	36	-	142
Charged in year	116	17	27	-	160
Disposals	-	-	-	-	-
At 31 August 2016	170	69	63	-	302
Net book values					
At 31 August 2016	5,620	161	89	-	5,870
At 31 August 2015	2,615	58	46	-	2,719

The Trust's transactions relating to land and buildings included:

- the taking up occupation of a property under a Church Supplemental Agreement known as Outlon CofE (C) First School, Rock Crescent, Oulton, Stone, Staffordshire, ST15 8UH valued at £1.5m;
- the taking up occupation of a property under a Church Supplemental Agreement known as Christ Church CofE (C) First School, Northesk Street, Stone Staffordshire ST15 8EP, valued at £1.605m.

13 Debtors

	2016 £000	2015 £000
Trade debtors	-	8
VAT recoverable	74	25
Other debtors	-	-
Prepayments and accrued income	20	17
	<u>94</u>	<u>50</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	102	41
Taxation and social security	78	32
Other creditors	14	28
Accruals and deferred income	60	34
	<u>254</u>	<u>135</u>

Deferred income

	2016 £000
Deferred Income at 1 September 2015	5
Resources deferred in the year	5
Amounts released from previous years	(5)
Deferred Income at 31 August 2016	<u>5</u>

At the balance sheet date the Trust was holding funds relating to the period from 1 September 2016 through to 31 March 2017, being a rates rebate and DFC.

15 Funds

	Balance at 1 September 2015 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	277	2,516	(2,686)	407	514
Transfer on conversion	-	(139)	-	139	-
Other DfE/EFA grants	103	43	-	(72)	74
Other restricted funds	58	189	(98)	(89)	60
Pension reserve	(491)	-	-	(536)	(1,027)
Private sector sponsorship	1	-	-	-	1
	<u>(52)</u>	<u>2,609</u>	<u>(2,784)</u>	<u>(151)</u>	<u>(378)</u>
Restricted fixed asset funds					
Transfer on conversion	2,336	3,275	(160)	-	5,451
DfE/EFA capital grants	11	11	-	(11)	11
Capital expenditure from GAG	372	-	-	-	372
	<u>2,719</u>	<u>3,286</u>	<u>(160)</u>	<u>(11)</u>	<u>5,834</u>
Total restricted funds	<u>2,667</u>	<u>5,895</u>	<u>(2,944)</u>	<u>(162)</u>	<u>5,456</u>
Unrestricted funds					
Unrestricted funds	197	67	(4)	-	260
Total unrestricted funds	<u>197</u>	<u>67</u>	<u>(4)</u>	<u>-</u>	<u>260</u>
Total funds	<u>2,864</u>	<u>5,962</u>	<u>(2,948)</u>	<u>(162)</u>	<u>5,716</u>

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds (continued)

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Closing Restricted General Funds were as follows:

General Annual Grant (£514,000)

The Principal has in place a schedule of improvements, both in IT and building infrastructure, the costs of which will be made from the GAG fund carried forward. There is no restriction on the balance that can be carried forward on this fund.

Other DfE/EFA grants (£74,000)

This fund relates to the balance of the Primary Trust Chain Development Grant.

Other Restricted

School Fund (£60,000)

This represents the balance of funds held in the School Funds bank account.

Private Sector Sponsorship (£1,000)

This represents a donation from the retiring Principal in 2012.

Closing Restricted Fixed Asset Funds were as follows:

Transfer from Local Authority on conversion (£5,451,000)

This represents value of assets transferred upon conversion to the Trust, less depreciation accounted for on those assets.

DfE/EFA capital grants (£11,000)

This fund is the Devolved Formula Capital Grant balance carried forward.

Capital expenditure from GAG (£372,000)

Since the Trust was formed, certain amounts of capital expenditure have been financed out of GAG.

Closing Unrestricted Funds were as follows:

Unrestricted Funds (£260,000)

This fund represents the accumulation of unrestricted funds generated from activities.

Total funds analysis by Trust

Fund balances at 31 August 2016 were allocated as follows:

	2016 £000	2015 £000
Christ Church Trust	797	653
Christ Church First School	38	-
Oulton First School	20	-
The Key Educational Trust	54	-
Total before fixed assets and pension reserve	909	653
Restricted fixed asset fund	5,834	2,719
Pension reserve	(1,027)	(491)
Total	5,716	2,881

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds (continued)

Total cost analysis by Trust

Expenditure incurred by each Trust during the year ended 31 August 2016 was as follows:

	Teaching and Educationa l Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2016 £000	Total 2015 £000
Christ Church Trust	1,616	243	120	392	2,371	2,275
Christ Church FS	167	38	13	44	262	-
Oulton FS	107	14	9	25	155	-
The Key Educational Trust	-	-	-	-	-	-
Total	1,890	295	142	461	2,788	2,275

16 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	36	5,834	5,870
Current assets	260	867	-	1,127
Current liabilities	-	(254)	-	(254)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(1,027)	-	(1,027)
Total net assets	260	(378)	5,834	5,716

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

17 Capital commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	-	-

18 Commitments under operating leases

Operating leases

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

	2016 £000	2015 £000
Amounts due within one year	13	13
Amounts due between one and five years	24	36
Amounts due after five years	-	1
	<u>37</u>	<u>50</u>

19 Reconciliation of net income / (expenditure) to net cash inflow from operating activities

	2016 £000	2015 £000
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)	3,014	123
Adjusted for :		
Depreciation (note 12)	160	72
Capital grants from DfE/EFA and other capital income	(11)	(11)
Interest receivable (note 4)	(1)	(1)
Fixed assets inherited on conversion	(3,275)	-
Cash funds inherited on conversion	(171)	-
Prepaid costs inherited on conversion	(11)	-
Defined benefit pension scheme obligation inherited	321	-
Defined benefit pension scheme cost less contributions payable (note 25)	19	10
Defined benefit pension scheme finance cost (note 25)	45	33
(Increase)/decrease in debtors	(44)	20
Increase/(decrease) in creditors	119	(79)
Net cash provided by (used in) operating activities	<u>165</u>	<u>167</u>

20 Cash flows from financing activities

	2016 £000	2015 £000
Repayments of borrowing	-	-
Cash inflows from borrowing	-	-
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Cash flows from investing activities

	2016 £000	2015 £000
Purchase of tangible fixed assets	(36)	(63)
Capital grants from DfE/EFA	11	-
Capital funding received from sponsors and others	-	11
Receipts from sale of tangible fixed assets	-	-
Interest receivable (note 4)	1	1
Net cash provided by / (used in) investing activities	<u>(24)</u>	<u>(51)</u>

22 Analysis of cash and cash equivalents

	2016 £000	2015 £000
Cash in hand and at bank	1,033	721
Total cash and cash equivalents	<u>1,033</u>	<u>721</u>

23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the Trust is required to either re-invest the proceeds or to repay the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State, as the Secretary of State may require.

24 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.

25 Pension and similar obligations

The 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 Staffordshire County Council. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £16,482 (2015: £37) were payable to the schemes at 31 August and are included within creditors.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, 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 £204,217 (2015: £175,000).

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.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate Director-administered funds. The total contribution made for the year ended 31 August 2016 was £97k, of which employer's contributions totalled £75k and employees' contributions totalled £22k. The agreed contribution rates for future years are 24.5% for employers and 5.5%-7.5% for employees.

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

Principal Actuarial Assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	2.5%	4.5%
Rate of increase for pensions in payment / inflation	2.1%	2.6%
Discount rate for scheme liabilities	2.0%	3.7%
Inflation assumption (CPI)	2.7%	2.9%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.3	24.3
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.6	26.6

The Trust's share of the assets and liabilities in the scheme:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	622	361
Bonds	91	54
Property	66	44
Cash	50	29
Total market value of assets	829	488

The actual return on scheme assets was £104,000 (2015: £(4,000)).

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(105)	(83)
Net interest cost	(23)	(16)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	<u>(128)</u>	<u>(99)</u>

Changes in the present value of defined benefit obligations were as follows:

	2016 £000	2015 £000
At 1 September	979	858
Current service cost	105	83
Interest cost	45	33
Employee contributions	22	17
Actuarial (gain)/loss	266	6
Curtailments and settlements	-	-
Benefits paid	(11)	(18)
Effect of business combinations and disposals	450	-
At 31 August	<u>1,856</u>	<u>979</u>

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

	2016 £000	2015 £000
At 1 September	488	420
Expected return on assets	22	17
Actuarial gain/(loss)	104	(4)
Employer contributions	75	56
Employee contributions	22	17
Assets distributed on settlements	-	-
Transfer in of new members	-	-
Benefits paid	(11)	(18)
Effect of business combinations and disposals	129	-
At 31 August	<u>829</u>	<u>488</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26 Related Party Transactions

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

No related party transactions took place in the period of account.

27 Events after the balance sheet date

There were no material events up to 5 December 2016 being the date of the approval of the financial statements by the Directors.

28 Trust boarding trading account for the year ended 31 August 2016

No boarding took place during the accounting period.

29 Explanation of transition to FRS102

It is the first year that the Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2016 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

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

Reconciliation of total funds	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP	2,763	2,882
Employee benefits accrual	(12)	(18)
Total funds reported under FRS102	<u>2,751</u>	<u>2,864</u>
Reconciliation of total funds	31 August 2015 £000	
Net income / expenditure previously reported under UK GAAP	137	
Change in recognition of LGPS interest cost	(8)	
Employee benefits accrual	(6)	
Net movement in funds reported under FRS102	<u>123</u>	

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

29 Explanation of transition to FRS102 (continued)

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £8,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.

B – Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. Certain employees are entitled to carry forward up to 12 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received. A provision of £12,000 was recognised at 1 September 2014, and £18,000 at 31 August 2015. The movement on this provision of £6,000 has been charged to the SOFA in the year ended 31 August 2015.

30 Conversion to a Trust

On 1 April 2016 both Christ Church First School and Oulton First School converted to Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Key Educational Trust from the Staffordshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net gain / loss in the Statement of Financial Activities as Donations – transfer from local authority on conversion / Charitable activities – transfer from local authority on conversion.

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

Christ Church First School

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	-	-
Leasehold land and buildings	-	-	1,605	1,605
Other tangible fixed assets	-	-	100	100
Budget surplus / (deficit) on LA funds	-	-	-	-
Budget surplus / (deficit) on other school funds	-	-	-	-
LGPS pension surplus / (deficit)	-	(277)	-	(277)
Borrowing obligations	-	-	-	-
Other identified assets and liabilities	-	170	-	170
Net assets / (liabilities)	-	(107)	1,705	1,598

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

30 Conversion to a Trust (continued)

Oulton First School

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	-	-
Leasehold land and buildings	-	-	1,500	1,500
Other tangible fixed assets	-	-	70	70
Budget surplus / (deficit) on LA funds	-	-	-	-
Budget surplus / (deficit) on other school funds	-	-	-	-
LGPS pension surplus / (deficit)	-	(44)	-	(44)
Borrowing obligations	-	-	-	-
Other identified assets and liabilities	-	12	-	12
Net assets / (liabilities)	<u>-</u>	<u>32</u>	<u>1,570</u>	<u>1,538</u>