

# Kenton Schools Academy Trust

(A company limited by guarantee)

**Annual report**

**31 August 2019**



# **Kenton Schools Academy Trust**

(A company limited by guarantee)

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# **Kenton Schools Academy Trust**

(A company limited by guarantee)

## **Reference and administrative details**

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### **Members**

J McHanwell  
D Pearmain  
R Portsmouth (resigned 14 March 2019)  
R Steele (appointed 14 March 2019)

### **Trustees**

K McDermid, CEO & Accounting Officer (resigned 31 October 2019)  
E O'Neil, Chair (resigned 18 January 2019)  
R Steele, (appointed Chair from 18 January 2019)  
M Surtees  
A Kelly  
G Stafford (appointed 3 September 2018, resigned 28 March 2019)  
A Malcolm (appointed 12 October 2018)  
C Orford (appointed 4 October 2018, resigned 18 June 2019)  
T Quincey (appointed 1 March 2019)  
C Hart (appointed 28 March 2019)  
N Nichol (appointed 19 July 2019)  
K Sorour (appointed 6 September 2019)  
I Lane, CEO & Accounting Officer (appointed 1 November 2019)

### **Company registered number**

07964133

### **Company name**

Kenton Schools Academy Trust

### **Principal and registered office**

Drayton Road  
Newcastle upon Tyne  
Tyne and Wear  
NE3 3RU

### **Company secretary**

T Carson

### **Chief executive officer**

I Lane

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## **Reference and administrative details (continued)**

**Year ended 31 August 2019**

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### **Headship teams**

S Holmes-Carne, Principal, Kenton School  
R Devlin, Senior Vice Principal, Kenton School  
A Clark, Vice Principal, Kenton School  
N Stoddart, Vice Principal, Kenton School  
V Wigham, Principal, Studio West  
S Huntley, Deputy Principal, Studio West

### **Independent auditor**

UNW LLP  
Chartered Accountants  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JE

### **Bankers**

NatWest Bank plc  
16 Northumberland Street  
Newcastle upon Tyne  
NE1 7EL

Barclays Bank plc  
59 High Street  
Gosforth  
Newcastle upon Tyne  
NE3 4AA

### **Solicitors**

Muckle LLP  
Time Central  
32 Gallowgate  
Newcastle upon Tyne  
NE1 4BF

### **Internal auditor**

Tait Walker LLP  
Bulman House  
Regent Centre  
Henry Street  
Newcastle upon Tyne  
NE3 3LS

# **Kenton Schools Academy Trust**

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## **Trustees' report Year ended 31 August 2019**

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

Kenton Schools Academy Trust (KSAT) operates two academies in Newcastle upon Tyne. Kenton School is an academy with a pupil capacity of 2,000 and had a roll of 1,768 in the school census of October 2018. Studio West is a studio school with a pupil capacity of 550 and had a roll of 286 in the school census of October 2018.

### **Structure, governance and management**

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Kenton Schools Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Kenton Schools Academy Trust.

Details of the trustees who served during the year and to the date these accounts are approved are included in the 'Reference and Administrative Details' on page 1.

#### **Members' liability**

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

#### **Trustees' indemnities**

The Trust has purchased insurance to protect trustees from claims arising against negligent acts, errors, or omissions occurring while on academy business.

#### **Method of recruitment and appointment or election of trustees**

Trustees are recruited according to an identified need within the trust body. Appointment is by vote of the existing trustees. The term of office for any trustee shall be four years, save that this time limit shall not apply to the Chief Executive or any post held ex officio. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

The arrangements for the election of parent and staff governors are delegated to the principals. The trustees or members appoint co-opted trustees. Associate committee members may be appointed by the governors or trustees to bring additional expertise and experience to the trust and governing body committees. The Chief Executive Officer (CEO) is an ex officio trustee, as are some governors from both Kenton School and Studio West, in accordance with the Articles of Association.

#### **Policies and procedures adopted for the induction and training of trustees**

The training and induction provided for new trustees depends on their existing experience. Where necessary, induction and training are provided on charity, educational, legal and financial matters. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. The Trust offers all trustees a programme of training each year.

#### **Organisational structure**

During the 2018-19 year the multi-academy trust operated a unified governance structure. The structure consists of three levels: the Members, the Trust Board, including the Chief Executive, and four sub-committees

# Kenton Schools Academy Trust

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## Trustees' report (continued)

Year ended 31 August 2019

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of the Trust Board, namely the Finance and General Purposes Sub-committee, the Standards Committee and two local governing bodies, including the Principals.

Below this governance level, the management structure of the two academies differs: Kenton School has three further levels: the Headship Team, the Senior Leadership Team and the Middle Leadership Team; Studio West has a flatter structure of middle leaders below the Headship Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, including financial and human resources policy, as well as analysing and mitigating risk. The local governing bodies adopt annual development plans, including curriculum plans, and monitor and challenge the academies' performance.

The Chief Executive is the Chief Accounting Officer and is accountable for finance and human resources; he reports to the Trust, via the Standards Committee, on the performance of both academies, including the performance of the Principals, and supports their work.

The Headship Teams consist of the Principals and Vice Principals, whose details are included in the reference and administrative section on pages 1 and 2. The Headship Teams control the academies at an executive level, implementing the policies laid down by the Trust and Governors and reporting back to Governors and to the Chief Executive and trustees as appropriate.

As a group, the Headship Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts, through appointment boards, which sometimes contain a Governor. Some spending control is devolved to members of the Kenton School Senior Leadership Team, with limits above which a member of the Headship Team must countersign.

The Kenton Senior Leadership Team includes the Headship Team and five Assistant Principals. Each Assistant Principal is responsible for a specific area of school performance.

The Middle Management of Kenton School is based around the group of Heads of Department and Year Leaders. These managers are responsible for the day-to-day operation of the academy, specifically organising the teaching staff, facilities and students.

### Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the trustees, the chief executive officer, the principals and the headship teams of both academies, as listed on pages 1 and 2.

The remuneration of the Interim CEO in 2018/19 was set at a pro rata daily rate corresponding to an agreed point on the leadership spine, following analysis of salary arrangements in other MATs. The pay ranges for school leaders are set in accordance with the School Teachers' Pay and Conditions Document, with Principals paid within a 7-point range, and Vice and Assistant Principals paid within a 5-point range.

The Trust reviews pay annually and progression through the pay range is based on performance assessed through the annual appraisal process; it takes account of the recommendation on pay contained within the appraisal report and awards progression, where there is evidence that the individual:

- contributes effectively to whole school leadership;
- leads their own specific areas of leadership responsibility, taking into account performance management objectives; and
- effectively leads all line managed areas.

Kenton Schools Academy trustees, with the exception of the CEO, do not receive any remuneration.

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## Trustees' report (continued)

Year ended 31 August 2019

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### Trade union facility time

#### Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	0.7

#### Percentage of time spent on facility time

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

#### Total pay bill and facility time costs

Total pay bill	£8,665,503
Total cost of facility time	£7,994
Percentage of pay spent on facility time	0.09%

#### Paid trade union activities

Hours spent on paid facility time	862
Hours spent on paid trade union activities	865
Percentage of total paid facility time hours spent on trade union activities	100%

# **Kenton Schools Academy Trust**

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## **Trustees' report (continued)**

**Year ended 31 August 2019**

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### **Objectives and activities**

#### **Objects and aims**

The principal object and activity of the charitable company is the operation of KSAT to provide education for students of different abilities between the ages of 11 and 19 at Kenton School and at Studio West, with an emphasis on an inclusive and supportive environment for all students, regardless of their background. The aim of Kenton School is summed up in the school motto "All Different All Equal". This aim also applies to Studio West, but, in addition, Studio West has the specific aim of connecting students' learning to the world of work. This aim is summed up in the school motto "Learning that Connects".

In accordance with the articles of association, the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum, with emphasis on an inclusive and supportive environment for all students, regardless of their background.

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

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all students;
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with business, especially at Studio West;
- To conduct the academy's business in accordance with the highest standards of integrity, probity and openness; and
- To ensure strong progression for all school leavers into education, employment and/or training.

#### **Objectives, strategies and activities**

The Trust's main objectives are encompassed in its mission statement, which is "to change the current and future lives of our students for the better, by providing them with the highest possible quality of education tailored to their differing needs. Therefore, we will work tirelessly to ensure that all our students, from all backgrounds and starting points, are enthusiastic learners, attend and behave well, are safe and healthy, make excellent progress and achieve highly, then progress to the most challenging and rewarding higher education and careers. Then they will be capable, creative, caring, committed, flexible, thriving adults, who change their world, their country, their family and themselves for the better". To this end the objectives and the strategies used to achieve them include:

- Responding to Ofsted inspection reports;
- MAT Board discussion of closer working arrangements with other local trusts;
- Detailed planning to raise the achievement of students through a comprehensive school improvement strategy; and
- Carrying out comprehensive curriculum-led cost analysis to inform future planning.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students in both Kenton School and Studio West.

#### **Public benefit**

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and the trustees have considered this guidance in deciding what activities the Trust should undertake.



# Kenton Schools Academy Trust

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## Trustees' report (continued)

Year ended 31 August 2019

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### Strategic report

#### Achievements and performance

##### Key performance indicators

Both the academies in the Trust were inspected by Ofsted in the 2018/19 academic year. At Kenton School, the overall effectiveness of the academy in February 2019 was judged to require further improvement, while the sixth form was deemed to be good. At Studio West's inspection of May 2019, the academy was judged to be good in every aspect, including the sixth form.

It should be noted that, at the time of writing this strategic report, the examination results quoted below are still unvalidated and, therefore, provisional.

At Kenton School the 2018/19 academic year saw variable outcomes at Key Stage 4, although there were some improvements in the core subjects compared to the previous year. The headline percentage of Grades 9-5 in both English and maths, at 31%, and the headline Grades 9-4 in English and maths, at 53%, both represent an improvement on the 2018 results. Over the last three years, there have been good gains in the attainment of disadvantaged students, especially in English. Students with special educational needs again made good progress and out-performed their peers in terms of progress.

Art remains a strength of the school, with 97% of the entire cohort achieving at least a standard grade pass in an Art subject. The school was shortlisted for the 2019 TES Creative School of the Year award.

Moreover, there was a rise in the attainment made by students across the board, with the Attainment 8 figure increasing from 39.9 to 40.3. Student progress overall, however, as reflected in the Progress 8 score dipped.

Kenton Sixth form results are once again broadly in line with the post-16 progress seen nationally; while the overall attainment grade of C- was a repeat of the 2018 figure, the percentage of students achieving 3 or more grades A\*-C (or equivalent) increased by 2%, and the proportion of students achieving 2 or more passes at A\*-E (or equivalent) improved by 4%. Value added was strongest in English language, English literature, maths, law, art subjects, PE and sport, and engineering.

In the summer of 2019, Studio West published its fourth set of public examination results and confirmed its position as one of the highest performing studio schools in the country. At Key Stage 4, the school achieved a Progress 8 Score of -0.17, which represents relatively good progress overall.

While the progress students made in the core elements of Progress 8 was good, in the open element it was outstanding (+0.88); in a cohort where more than three quarters of the students were in receipt of pupil premium funding, the overall progress of disadvantaged students was well above both the local authority and national averages, as it was for both English and mathematics. Students with special educational needs also excelled against these measures.

Pupils made strong progress in most of their subjects and there were significant successes beyond the headlines. Project Based Learning and the integrated working between art and English have had a significant impact on attainment. Art at GCSE in 2019 achieved a progress score of +0.34; while 76% of students achieved a standard pass in art, equivalent to that in English.

Although the number of students in the sixth form was small, the progress made in academic subjects (+0.52) was well above the national average. The average attainment of students on applied general courses was broadly in line with that seen nationally.

All but one student from Year 11 and one student from Year 13 were placed in some form of Education, Employment or Training, with a significant number of Year 13 students taking up apprenticeships and going on to university.

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## Trustees' report (continued)

Year ended 31 August 2019

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### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

### Financial review

Most of the Trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to specific purposes. The grants received from the DfE/ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/ESFA. In accordance with the Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition, the Trust derives smaller amounts of income from lettings, sports hall hire and catering.

During the year ended 31 August 2019, total expenditure of £14,600k was met by recurrent grant funding from the DfE/ESFA, together with other incoming resources. The excess of income over expenditure for the year (before actuarial losses, and excluding restricted fixed asset funds and the LGPS pension cost) was £1,280k. All the expenditure shown in the Statement of Financial Activities is in furtherance of the academies' objectives.

At 31 August 2019, the net book value of fixed assets was £28,679k and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pension scheme, resulting in a deficit of £5,260k being recognised on the balance sheet.

The academy held fund balances at 31 August 2019 of £24,364k comprising £24,286k of restricted funds and £78k of unrestricted funds.

The trustees are buoyed by the ability to achieve the challenging objectives of the agreed recovery plan, whilst maintaining high education standards in both schools. The Trust has ended the year in a significantly stronger position than when it started and has detailed and accurate forecasts for the next three academic years.

### Reserves policy

The academy seeks to hold restricted and unrestricted funds. Unrestricted funds are held:

- To provide funds which can be designated to specific areas to improve the quality of education; and
- To cover ongoing costs in relation to the running of the academy including catering provision, school trips and uniform costs.

At 31 August 2018 the free reserves of the Academy Trust (i.e. excluding both fixed assets and pension) had fallen into a deficit position of £336k. As a result of the recovery plan, the Trust is pleased to report that at 31 August 2019 this improved significantly to a surplus position of £945k. The Trust was able to fully repay the ESFA advance by April 2019.

In light of the financial position the Trust found itself in at the end of 2017, the trustees have increased the reserves policy from £500k to the ESFA recommended policy of 11/12th of annual income, which is £1,131k based on current projections. The Trust is forecast to achieve the policy set out by the end of 2020/21.

# **Kenton Schools Academy Trust**

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## **Trustees' report (continued)**

**Year ended 31 August 2019**

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### **Investment policy**

The Trust Finance & General Purposes Committee is responsible for approving the investment policy and has an on-going responsibility to ensure monitoring and review of any investment. All borrowing shall be authorised by the Committee, undertaken in the name of Kenton Schools Academy Trust, and conform to the relevant funding body requirements. Investments should be made to further the trusts charitable aims, but must ensure that investment risk is properly managed. The investment objectives based on prudence are:

- To achieve best financial return available whilst ensuring the security of deposits takes precedence over revenue maximisation;
- Only to invest funds surplus to operational need based on all financial commitments being met without the Trust bank account becoming overdrawn; and
- By complying with this policy, all investment decision should be exercised with care and skill and consequently be in the best interests of the Trust, commanding public support.

### **Principal risks and uncertainties**

The trustees have implemented a comprehensive risk management process and have assessed the major risks to which the academy is exposed, especially those relating specifically to its finances and teaching provision and other operational areas in its academies.

The principal risks and uncertainties are focused on changes in the level of funding from the DfE and the ESFA. In addition, the Trust is a member of the LGPS, which results in the recognition of a significant deficit on the academy balance sheet.

The principal financial risks faced by the Trust as of 31 August 2018 in the last financial year were the depletion of reserves, as quantified in the deficit budget position brought forward and reported elsewhere in the Annual Accounts. Through the detailed recovery plan developed with the support of the ESFA, the Trust has stabilised the financial position, repaid in full the advance it received from the ESFA and is firmly on track to build the reserves position that will provide mitigation of any cash flow risk.

The academies have an effective system of internal financial controls, which is explained in more detail in the Governance Statement and has been recognised as being robust and fit for purpose by the ESFA.

The principal core and reputational risk faced by the Trust concerns the Ofsted "Requires Improvement" category of Kenton School, including its leadership and the educational outcomes, behaviour and attendance of its students. The Trust has engaged fully in a DfE-led school improvement project, ONE Vision, which has attracted significant additional funding over three years, and is working closely with a National Leader in Education and the Trust to which she belongs on addressing these risks.

The academies have fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area, in addition to training on Child Protection and GDPR.

### **Fundraising**

The Trust does not use external fundraisers. All fundraising undertaken during the year was monitored by the trustees.

### **Disabled persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the academies. The policy of the academy trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

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## Trustees' report (continued)

Year ended 31 August 2019

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### Plans for future periods

In 2016-17, trustees first discussed the possibility of the KSAT joining another local trust. It was agreed that the CEO should hold detailed discussions with a view to the Kenton Trust joining the MAT. Subsequently a Transition Group involving the leadership of both trusts was established and this has continued to meet informally in 2018-19. However, owing to circumstances beyond the control of the Trustees, the intended merger has been postponed and the prospects of this being concluded in the near future are slim. At the Trust Board meeting of May 2018, Trustees confirmed their intention to seek a secure strategic future through merger with a MAT that has a substantial presence in the west of Newcastle; preliminary informal discussions have also taken place with another local MAT but, again, there is little prospect of a formal merger in the short or medium term.

The KSAT will continue to work with other MATs and schools locally on its journey towards securing a good Ofsted judgement for Kenton School. Kenton is part of the DfE funded Opportunity North-East (ONE) Vision project, which has attracted £200k worth of funding. This project is aimed at moving R1 judged schools to good within a three-year timeframe and involves working with a proven successful National Leader of Education, drawing on the capacity of her own schools and Trust to accelerate the pace of improvement at Kenton. The key priority is for Kenton School to achieve a good judgement so that it is in the position to determine its own future in relation to growth, which may or may not include joining another Trust.

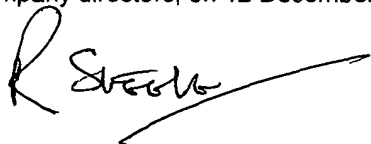
In September 2018, Studio West admitted its second cohort of Year 7 students, following the change of age range from 14-19 to 11-19. Leaders carried out a highly successful recruitment campaign in local primary schools and with local parents, resulting in 107 students being admitted: this number exceeds the published Pupil Admission Number as a result of 7 successful parental appeals. Consequently, Trustees submitted a significant change bid in 2018-19 to confirm a PAN of 90 students in each of the next two admission years, which was approved by the DfE in December 2018; this will result in a school of 450 students in Years 7 to 11, with 100 in the sixth form, by 2022-23. An expansion of the current premises in 2019-20 is planned to meet this rise in student numbers through reopening and refurbishing existing accommodation on site that has been mothballed since the closure of the predecessor school.

### Disclosure of information to auditor

Insofar as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- That trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2019 and signed on its behalf by:



**R Steele**  
Chair of Trustees

# Kenton Schools Academy Trust

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## Governance statement

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### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Kenton Schools Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 3 times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
K McDermid	3	3
E O'Neil	0	1
R Steele	3	3
M Surtees	3	3
A Kelly	1	3
G Stafford	3	3
A Malcolm	2	2
C Orford	2	3
T Quincey	2	2
C Hart	2	2
N Nichol	1	1
K Sorour	0	0
I Lane	0	0

There have been a number of changes to the composition of the Trust Board this year, as reflected above. The previous Chair resigned in January 2019 and was replaced by R Steele. New appointments have been made according to the skills and experience they bring; there is now a strong balance of the expertise needed to ensure the effective governance of the Trust, which is confirmed in the external reports quoted below.

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to advise the Board, subject to the detailed requirements of the Academies Financial Handbook, Funding Agreement and the Financial Regulations of the Trust, on the following matters:

- The annual estimates of income and expenditure and financial forecast for the Trust and its Academies;
- Monitoring of revenue finances of the Trust and its Academies and advising the Board on progress towards achieving its financial objectives;
- Monitoring of policies relating to finance, staffing and buildings, including Health and Safety, capitalisation, depreciation, treasury management, investment and borrowing;
- The financial elements of the risk management policy including health and safety, buildings and insurance;
- The management accounts of the Trust, advising the Board on the year-end Accounts;
- To consider any relevant legal and contractual documentation, operating within the Articles of Association, Schemes of Delegation, Funding Agreement and Financial Regulations;

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## Governance Statement (continued)

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### Governance (continued)

- To monitor policies in relation to non-educational services such as Human Resources, publicity and marketing, and to agree changes as necessary;
- To monitor the deployment of non-financial resources, including personnel and property, with a view to advising the Board on the effectiveness of such resources; and
- The oversight of the pay and conditions of service of all employees of the Trust.

During the year C Hart, who is a qualified accountant, joined the committee. He also joined the Finance Monitoring Committee, which met monthly to scrutinise the budget and to approve the financial returns to the Education and Skills Funding Agency.

Attendance at meetings of the Finance and General Purposes Committee in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Steele (Chair)	7	7
K McDermid	7	7
M Surtees	4	7
C Hart	3	3

The Ofsted inspection of Kenton School in February 2019 reported that "governance of the school is now strong. Governors and Trustees support and challenge school leaders effectively." In the Ofsted report of May 2019, inspectors judged that "governance has improved dramatically since the last inspection. Governors and trustees bring a wide range of helpful and relevant experience to their roles. Current governors and trustees add significant capacity to school leadership."

In addition to the two Ofsted inspections, the Trust also undertook an external review of governance in June 2019 from a National Leader of Governance, which concluded that:

"The Trust Board of Kenton Schools Academy Trust is most effective, well led and offers a strong blend of support and challenge to members of the schools' communities, particularly senior leaders. Pupils and parents all benefit from the work that the KSAT Board carries out."

The recommendations of the report were that the Trust:

- should devise a clear mechanism whereby the performance of the chair and vice-chair is subject to a regular 360° review of their performance on an annual basis;
- should carry out a skills audit of existing members, despite the rigour that is applied to identifying skills gaps when recruiting new trustees;
- ensure there are appropriate mechanisms in place to ensure that all stakeholders are made aware of KSAT Board decisions and the evidence of this activity is recorded on the school website;
- should, through the Local Governing Board, give greater attention to the impact of pupil premium and year 7 catch-up funding.

The Trust intends to implement all these recommendations by the end of the current academic year and to commission a further review in 2021.

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## **Governance Statement (continued)**

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### **Review of value for money**

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year as follows:

- The schools have maintained a staffing structure that is focused on the provision of excellent pastoral and academic support for learning;
- The benchmarking exercise carried out in early 2017/18 identified that contact ratios operated at Kenton School were significantly lower than the national average. This curriculum-led staffing analysis identified that Kenton School was overstaffed, and staff cuts were consequently made as at 31 August 2018;
- Throughout the restructure process, redeployment opportunities were sought within the Trust, which led to a minimal number of compulsory redundancies. The Schools were well resourced to deliver the revised curriculum, whilst meeting national guidelines on contact ratios; and
- Integrated Curriculum-led Financial Planning has been utilised to determine the structure and deployment of resources for the 2019-20 financial year.

The financial governance and oversight by the trustees and Accounting Officer have ensured that cost and effectiveness of spending proposals have been challenged in order to achieve value for money for the Trust, for example, in the tendering of services for both Kenton School and Studio West School and the on-going improvement of the IT infrastructure. The Trust has also improved income generation through lettings of vacant buildings and the Sport and Leisure facility to provide the facilities to clubs and the local community.

The Trust regularly reviews and assesses budget against actual expenditure and investigate variances when they occur.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 Kenton Schools Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

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

This assessment of risk has led to the strengthening of the Trust's central leadership team from 1 September 2018 to assist the board of trustees in turning around the former financial position of its academies and the Trust.

# **Kenton Schools Academy Trust**

(A company limited by guarantee)

## **Governance Statement (continued)**

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### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Tait Walker as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems;
- testing of purchase systems; and
- testing of control account/bank reconciliations.

On a termly basis, the internal auditor reports to the board of trustees through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

There were no significant matters arising from the work of the internal auditor in the 2018-19 financial year.



# Kenton Schools Academy Trust

(A company limited by guarantee)

## Governance Statement (continued)

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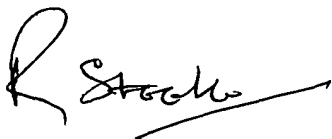
### Review of effectiveness

As Accounting Officer, the Chief Executive Officer 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 internal auditor;
- monthly feedback and reports from the ESFA;
- the financial management and governance self-assessment process; and
- the work of the Director of Finance and the Budget Monitoring Sub-Committee, and the work of the executive managers within the academy 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 internal and external auditors and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 12 December 2019 and signed on their behalf by:



**R Steele**  
Chair of Trustees



**I Lane**  
Accounting Officer

## **Kenton Schools Academy Trust**

(A company limited by guarantee)

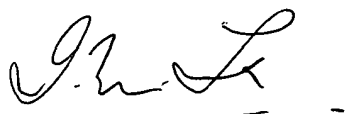
### **Statement on Regularity, Propriety and Compliance**

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As accounting officer of Kenton Schools Academy Trust I have considered my responsibility to notify the academy board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy board of trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2018.

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



**I Lane**  
Accounting Officer

Date: 12 December 2019

# **Kenton Schools Academy Trust**

(A company limited by guarantee)

## **Statement of trustees' responsibilities Year ended 31 August 2019**

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

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

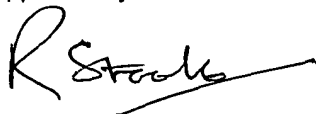
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of trustees on 12 December 2019 and signed on its behalf by:



**R Steele**  
Chair of Trustees



## **Independent auditor's Report on the financial statements to the Members of Kenton Schools Academy Trust**

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### **Opinion**

We have audited the financial statements of Kenton Schools Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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



## **Independent auditor's Report on the financial statements to the Members of Kenton Schools Academy Trust (continued)**

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### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

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



## **Independent auditor's Report on the financial statements to the Members of Kenton Schools Academy Trust (continued)**

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### **Responsibilities of trustees**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

A handwritten signature in black ink, appearing to read 'Michael Morris'.

**Michael Morris ACA FCCA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

12 December 2019

# **Kenton Schools Academy Trust**

(A company limited by guarantee)

## **Independent Reporting Accountant's Assurance Report on Regularity to Kenton Schools Academy Trust and the Education & Skills Funding Agency**

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In accordance with the terms of our engagement letter dated 17 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kenton Schools Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Kenton Schools Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Kenton Schools Academy Trust's funding agreement with the Secretary of State for Education dated 1 May 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. 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 year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

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

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

The work undertaken to support our conclusion includes:

- Testing a sample of expenditure to verify that the Trust's procurement procedures have been followed for the items selected;
- Testing a sample of payments to ensure that they are correctly authorised in accordance with the Trust's policies;
- Testing a sample of expenditure to verify the nature of spend is in line with funding agreements; and
- Testing a sample of income and expenditure to ensure systems and controls are being implemented in line with the Trust's policies.

## **Kenton Schools Academy Trust**


(A company limited by guarantee)

### **Independent Reporting Accountant's Assurance Report on Regularity to Kenton Schools Academy Trust and the Education & Skills Funding Agency (continued)**

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#### **Conclusion**

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



**Michael Morris ACA FCCA  
UNW LLP**

Date: 12 December 2019



# Kenton Schools Academy Trust

(A company limited by guarantee)

## Statement of financial activities (incorporating income and expenditure account) Year ended 31 August 2019

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>Income from:</b>						
Donations and capital grants	3	1	-	150	151	82
Charitable activities	4	-	12,772	-	12,772	12,393
Other trading activities	5	695	-	-	695	496
Investments		3	-	-	3	1
<b>Total income</b>		<b>699</b>	<b>12,772</b>	<b>150</b>	<b>13,621</b>	<b>12,972</b>
<b>Expenditure on:</b>						
Charitable activities	6	285	12,521	1,621	14,427	14,907
<b>Total expenditure</b>		<b>285</b>	<b>12,521</b>	<b>1,621</b>	<b>14,427</b>	<b>14,907</b>
<b>Net income / (expenditure)</b>		<b>414</b>	<b>251</b>	<b>(1,471)</b>	<b>(806)</b>	<b>(1,935)</b>
Transfers between funds	16	-	26	(26)	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>414</b>	<b>277</b>	<b>(1,497)</b>	<b>(806)</b>	<b>(1,935)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	21	-	(2,270)	-	(2,270)	1,050
<b>Net movement in funds</b>		<b>414</b>	<b>(1,993)</b>	<b>(1,497)</b>	<b>(3,076)</b>	<b>(885)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		(336)	(2,400)	30,176	27,440	28,325
Net movement in funds		414	(1,993)	(1,497)	(3,076)	(885)
<b>Total funds carried forward</b>		<b>78</b>	<b>(4,393)</b>	<b>28,679</b>	<b>24,364</b>	<b>27,440</b>

The notes on pages 26 to 50 form part of these financial statements.

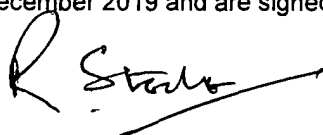
# Kenton Schools Academy Trust

(A company limited by guarantee)

## Balance sheet At 31 August 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	13	28,679	30,136
<b>Current assets</b>			
Debtors	14	439	297
Cash at bank and in hand		1,378	820
		<u>1,817</u>	<u>1,117</u>
Creditors: amounts falling due within one year	15	(872)	(1,413)
<b>Net current assets / (liabilities)</b>		<u>945</u>	<u>(296)</u>
<b>Total assets less current liabilities</b>		<u>29,624</u>	<u>29,840</u>
<b>Net assets excluding pension liability</b>		<u>29,624</u>	<u>29,840</u>
Defined benefit pension scheme liability	21	(5,260)	(2,400)
<b>Total net assets</b>		<u><u>24,364</u></u>	<u><u>27,440</u></u>
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	16	28,679	30,176
Restricted income funds	16	867	-
Pension reserve	16	(5,260)	(2,400)
<b>Total restricted funds</b>	16	<u>24,286</u>	<u>27,776</u>
<b>Unrestricted income funds</b>	16	<u>78</u>	<u>(336)</u>
<b>Total funds</b>		<u><u>24,364</u></u>	<u><u>27,440</u></u>

The financial statements on pages 23 to 50 were approved by the trustees, and authorised for issue on 12 December 2019 and are signed on their behalf, by:

  
**R Steele**  
Chair of Trustees

Company registered number: 07964133

The notes on pages 26 to 50 form part of these financial statements.

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Statement of cash flows Year ended 31 August 2019

	Note	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	572	501
<b>Cash flows from investing activities</b>	19	(14)	23
<b>Change in cash and cash equivalents in the year</b>		558	524
Cash and cash equivalents at the beginning of the year		820	296
<b>Cash and cash equivalents at the end of the year</b>	20	<u>1,378</u>	<u>820</u>

The notes on pages 26 to 50 form part of these financial statements

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements

Year ended 31 August 2019

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### 1. Accounting policies

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

#### 1.1 Basis of preparation of financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kenton Schools Academy Trust meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised as historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in pounds sterling, which is the functional currency of the charity and are rounded to the nearest £000.

#### 1.2 Going concern

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

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

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### 1. Accounting policies (continued)

#### 1.3 Income

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

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

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

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

Donations 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, including the hire of facilities, is recognised in the year it is receivable and to the extent the academy has provided the goods or services.

#### 1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

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### 1. Accounting policies (continued)

#### 1.5 Tangible fixed assets and depreciation

All assets costing more than £3,000 (equipment and vehicles) or £7,000 (land, buildings and improvements) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long term leasehold land	- 125 years
Long term leasehold buildings	- 21 to 125 years
Fixtures and fittings	- 5 years
Motor vehicles	- 5 years
Computer equipment	- 3 years

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

#### 1.6 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### 1.7 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### 1.8 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

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### 1. Accounting policies (continued)

#### 1.9 Financial instruments

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.10 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

#### 1.11 Pensions

The academy operates a defined contribution pension scheme and the pension charge represents the amounts payable by the academy to the fund in respect of the year.

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

# **Kenton Schools Academy Trust**

(A company limited by guarantee)

## **Notes to the financial statements**

**Year ended 31 August 2019**

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### **1. Accounting policies (continued)**

#### **1.12 Taxation**

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **1.13 Fund accounting**

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

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

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



# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

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### 2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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 judgment:

Depreciation - depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the fixed asset accounting policy.

Land - certain land is held under a 125 year lease from Newcastle City Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being a major part of the economic life of assets and the assets being of such a specialised nature that only the academy could use them without major modification.

The PFI contract is an agreement to receive services, and as the academy trust is deemed to control the services that are provided under the PFI scheme, the academy trust has recognised the assets used under the contracts within tangible fixed assets. The trustees consider the cost of obtaining an additional valuation would outweigh the benefit.

The non-PFI premises are held on a 125 year lease from Newcastle City Council. As the risks and rewards of ownership has transferred to the academy trust, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at insurance valuation. The trustees consider the cost of obtaining an additional valuation would outweigh the benefit.

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

### 3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	1	-	1	-
Grants	-	150	150	82
	<u>1</u>	<u>150</u>	<u>151</u>	<u>82</u>
Total 2018	<u>-</u>	<u>82</u>	<u>82</u>	

### 4. Funding for the academy's educational operations

	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	11,503	11,503	11,154
Pupil Premium	822	822	769
Sponsor Capacity Grant	-	-	19
Other DfE/ESFA Grants	274	274	363
Other Government Grants	66	66	74
SEN	107	107	14
	<u>12,772</u>	<u>12,772</u>	<u>12,393</u>

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

### 5. Income from other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Sundry income	256	256	189
Lettings income	207	207	69
Catering	168	168	146
School fund	64	64	92
	<u>695</u>	<u>695</u>	<u>496</u>

### 6. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Educational operations:					
Direct costs	7,083	-	804	7,887	9,133
Support costs	1,972	3,065	1,503	6,540	5,774
	<u>9,055</u>	<u>3,065</u>	<u>2,307</u>	<u>14,427</u>	<u>14,907</u>
Total 2018	<u>10,022</u>	<u>2,706</u>	<u>2,179</u>	<u>14,907</u>	

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

### 7. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Educational operations	7,887	6,540	14,427	14,907
Total 2018	9,133	5,774	14,907	

### Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Pension income	70	70
Staff costs	1,972	1,632
Depreciation	1,621	1,627
Technology costs	80	67
Maintenance of premises and equipment	121	39
Cleaning	124	80
Rent	1,056	933
Rates	58	128
Energy	137	26
Insurance	61	105
Security	6	36
Transport	6	43
Catering	454	399
Other support costs	752	562
Governance costs	22	27
	<b>6,540</b>	<b>5,774</b>

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

### 8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	89	89
Depreciation of tangible fixed assets	1,621	1,627
Fees paid to auditor for:		
- audit	12	12
- other services	1	8
	<u>1,623</u>	<u>1,627</u>

### 9. Staff costs

#### a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	6,628	7,357
Social security costs	657	724
Pension costs	1,547	1,469
	<u>8,832</u>	<u>9,550</u>
Agency staff costs	223	178
Staff restructuring costs	-	294
	<u>9,055</u>	<u>10,022</u>

Staff restructuring costs comprise:

	2019 £000	2018 £000
Redundancy payments	-	259
Severance payments	-	35
	<u>-</u>	<u>294</u>

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

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### 9. Staff costs (continued)

#### b. Staff numbers

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

	2019 No.	2018 No.
Senior management	15	11
Teaching staff	121	132
Learning support staff	97	37
Support staff	41	108
	<u>274</u>	<u>288</u>

#### c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	2	1
In the band £100,001 - £110,000	2	2
	<u>2</u>	<u>2</u>

#### d. Key management personnel

The key management personnel of the academy trust comprise the directors and the headteacher and the headship teams of both academies as listed on pages 1 and 2. The total amount of employee benefits (including employers national insurance and pension contributions) received by key management personnel for their services to the academy trust was £970,476 (2018: £916,000).

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

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### 10. Central services

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

- finance
- human resources
- information technology
- CEO, business and governance support
- data management
- estates management

The academy charges for these services on the following basis:

Costs split based on actual charges where this can be determined, or pupil numbers, being 85% Kenton School and 15% Studio West.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Kenton School	487	224
Studio West	86	17
<b>Total</b>	<b>573</b>	<b>241</b>

### 11. Trustees' remuneration and expenses

During the year, Northern Education Associates Limited received payments totalling £94,380 (2018: £88,440) in respect of the services provided by K McDermid, trustee, in his role as CEO of the academy.

During the year, no trustees received any other remuneration or benefits in kind (2018: £nil).

During the year ended 31 August 2019, no trustee expenses have been incurred (2018: £nil).

### 12. Trustees' and Officers' insurance

In accordance with normal commercial practice, Kenton School has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £199 (2018 - £1,305). The cost of this insurance is included in the total insurance cost.

Studio West has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements

Year ended 31 August 2019

### 13. Tangible fixed assets

	Long-term leasehold property £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Total £000
<b>Cost</b>					
At 1 September 2018	39,568	228	79	745	40,620
Additions	-	28	-	136	164
At 31 August 2019	39,568	256	79	881	40,784
<b>Depreciation</b>					
At 1 September 2018	9,555	180	73	676	10,484
Charge for the year	1,528	39	2	52	1,621
At 31 August 2019	11,083	219	75	728	12,105
<b>Net book value</b>					
At 31 August 2019	28,485	37	4	153	28,679
At 31 August 2018	30,013	48	6	69	30,136

### 14. Debtors

	2019 £000	2018 £000
<b>Due within one year</b>		
Trade debtors	34	47
Prepayments and accrued income	322	206
VAT recoverable	83	44
	439	297



# Kenton Schools Academy Trust

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## Notes to the financial statements Year ended 31 August 2019

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### 15. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	171	285
ESFA creditor - advancement of GAG	-	417
Other taxation and social security	166	174
Other creditors	136	138
Accruals and deferred income	399	399
	<u>872</u>	<u>1,413</u>
	2019 £000	2018 £000
Deferred income at 1 September 2018	154	106
Resources deferred during the year	192	141
Amounts released from previous periods	(81)	(93)
	<u>265</u>	<u>154</u>

# Kenton Schools Academy Trust

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## Notes to the financial statements Year ended 31 August 2019

### 16. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>						
Unrestricted general funds	(336)	699	(285)	-	-	78
<b>Restricted general funds</b>						
Restricted funds	-	12,772	(11,931)	26	-	867
Pension reserve	(2,400)	-	(590)	-	(2,270)	(5,260)
	<u>(2,400)</u>	<u>12,772</u>	<u>(12,521)</u>	<u>26</u>	<u>(2,270)</u>	<u>(4,393)</u>
<b>Restricted fixed asset funds</b>						
Restricted fixed asset fund	30,176	150	(1,621)	(26)	-	28,679
<b>Total Restricted funds</b>	<u>27,776</u>	<u>12,922</u>	<u>(14,142)</u>	<u>-</u>	<u>(2,270)</u>	<u>24,286</u>
<b>Total funds</b>	<u>27,440</u>	<u>13,621</u>	<u>(14,427)</u>	<u>-</u>	<u>(2,270)</u>	<u>24,364</u>

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

The restricted fixed asset fund represents the fixed assets of the Trust, which are restricted to be applied for educational purposes in furtherance of the academies' objects.

The restricted fund includes all remaining grant funds for the general running of the Trust.

The pension reserve equates to the Trust's share of the deficit on the Local Government Pension Scheme in which it participates.

Unrestricted funds are all other funds of the Trust.

During the year a transfer has been made from the restricted fixed asset fund to the general restricted fund, representing repair and maintenance works funded through capital grant.

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

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### 16. Statement of funds (continued)

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

#### Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Kenton School	1,235	86
Studio West	(290)	(422)
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	945	(336)
Restricted fixed asset fund	28,679	30,176
Pension reserve	(5,260)	(2,400)
	<hr/>	<hr/>
<b>Total</b>	<b>24,364</b>	<b>27,440</b>
	<hr/>	<hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £000
Studio West	(290)
	<hr/>

This is the fifth year of operation for this academy. The deficit initially arose due to an unplanned clawback of funds.

The academy is taking the following action to return the academy to surplus:

The trustees have undertaken a thorough review of budgets and have agreed a recovery plan which will return the academy to a surplus position by 2020.

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

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### 16. Statement of funds (continued)

#### Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
Kenton School	6,199	1,203	1,709	1,489	10,600	11,949
Studio West	918	133	322	253	1,626	1,331
Central services	-	527	-	53	580	-
<b>Academy</b>	<b>7,117</b>	<b>1,863</b>	<b>2,031</b>	<b>1,795</b>	<b>12,806</b>	<b>13,280</b>

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

### 16. Statement of funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Unrestricted funds</b>					
Unrestricted general funds	(356)	497	(477)	-	(336)
<b>Restricted general funds</b>					
Restricted funds	-	12,393	(12,393)	-	-
Pension reserve	(3,040)	-	(410)	1,050	(2,400)
	<u>(3,040)</u>	<u>12,393</u>	<u>(12,803)</u>	<u>1,050</u>	<u>(2,400)</u>
<b>Restricted fixed asset funds</b>					
Restricted fixed asset fund	31,721	82	(1,627)	-	30,176
<b>Total Restricted funds</b>	<u>28,681</u>	<u>12,475</u>	<u>(14,430)</u>	<u>1,050</u>	<u>27,776</u>
<b>Total funds</b>	<u>28,325</u>	<u>12,972</u>	<u>(14,907)</u>	<u>1,050</u>	<u>27,440</u>

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements

Year ended 31 August 2019

### 17. Analysis of net assets between funds

#### Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	28,679	28,679
Current assets	78	1,740	-	1,818
Creditors due within one year	-	(873)	-	(873)
Provisions for liabilities and charges	-	(5,260)	-	(5,260)
<b>Total</b>	<b>78</b>	<b>(4,393)</b>	<b>28,679</b>	<b>24,364</b>

#### Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	30,136	30,136
Current assets	661	417	40	1,118
Creditors due within one year	(996)	(417)	-	(1,413)
Provisions for liabilities and charges	-	(2,400)	-	(2,400)
<b>Total</b>	<b>(335)</b>	<b>(2,400)</b>	<b>30,176</b>	<b>27,441</b>

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements

Year ended 31 August 2019

### 18. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £000	2018 £000
Net expenditure for the year (as per statement of financial activities)	(806)	(1,935)
<b>Adjustments for:</b>		
Depreciation	1,621	1,627
Capital grants from DfE and other capital income	(150)	(82)
Dividends, interest and rents from investments	-	(2)
Defined benefit pension scheme cost less contributions payable	520	340
Defined benefit pension scheme finance cost	70	70
Increase in debtors	(142)	(16)
(Decrease)/increase in creditors	(541)	499
<b>Net cash provided by operating activities</b>	<b>572</b>	<b>501</b>

### 19. Cash flows from investing activities

	2019 £000	2018 £000
Purchase of tangible fixed assets	(164)	(59)
Capital grants from DfE Group	150	82
<b>Net cash (used in)/provided by investing activities</b>	<b>(14)</b>	<b>23</b>

### 20. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	1,378	820
<b>Total cash and cash equivalents</b>	<b>1,378</b>	<b>820</b>

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

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### 21. Pension commitments

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

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

Contributions amounting to £136,000 were payable to the schemes at 31 August 2019 (2018 - £137,000) and are included within creditors.

#### Teachers' Pension Scheme

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

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

#### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 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)
- 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
- 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%.



# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

### 21. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the year amounted to £715,969 (2018 - £779,000).

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 an unfunded multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £430,000 (2018 - £540,000), of which employer's contributions totalled £310,000 (2018 - £400,000) and employees' contributions totalled £ 120,000 (2018 - £140,000). The agreed contribution rates for future years are 16.3 per cent for employers and 5.5 to 12.0 per cent for employees.

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

#### Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment/inflation	2.0	2.0
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.0	2.0
Inflation assumption (RPI)	3.0	3.1
Pension accounts revaluation rate	2.0	2.0

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.9	22.9
Females	25.1	26.4
<i>Retiring in 20 years</i>		
Males	23.6	25.1
Females	26.9	28.7

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

### 21. Pension commitments (continued)

#### Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	15,840	12,070
Discount rate -0.1%	16,730	12,760
Mortality assumption - 1 year increase	15,740	12,060
Mortality assumption - 1 year decrease	16,820	12,760
CPI rate +0.1%	16,550	12,610
CPI rate -0.1%	12,620	12,210

The academy's share of the assets in the scheme was:

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	7,220	6,760
Gilts	450	400
Corporate bonds	1,260	1,120
Property	950	850
Cash and other liquid assets	230	220
Other	910	660
<b>Total market value of assets</b>	<b>11,020</b>	<b>10,010</b>

The actual return on scheme assets was £680,000 (2018 - £730,000).

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

	2019 £000	2018 £000
Current service cost	(560)	(690)
Past service cost	(270)	(50)
Interest income	280	230
Interest cost	(350)	(300)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(900)</b>	<b>(810)</b>

# Kenton Schools Academy Trust

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2019

### 21. Pension commitments (continued)

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

	2019 £000	2018 £000
<b>At 1 September</b>	<b>12,410</b>	<b>11,930</b>
Current service cost	560	690
Interest cost	350	300
Employee contributions	120	140
Actuarial losses/(gains)	2,670	(550)
Benefits paid	(100)	(150)
Past service costs	270	50
<b>At 31 August</b>	<b>16,280</b>	<b>12,410</b>

Changes in the fair value of the academy's share of scheme assets were as follows:

	2019 £000	2018 £000
<b>At 1 September</b>	<b>10,010</b>	<b>8,890</b>
Interest income	280	230
Actuarial gains	400	500
Employer contributions	310	400
Employee contributions	120	140
Benefits paid	(100)	(150)
<b>At 31 August</b>	<b>11,020</b>	<b>10,010</b>

### 22. Operating lease commitments

At 31 August 2019 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	98	47
Later than 1 year and not later than 5 years	77	77
Later than 5 years	5	-
	<b>180</b>	<b>124</b>

# **Kenton Schools Academy Trust**

(A company limited by guarantee)

## **Notes to the financial statements**

**Year ended 31 August 2019**

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### **23. Other financial commitments**

Under the PFI arrangement, the academy has a financial liability to make payments to the PFI contractor under the life of the contract, which began in October 2008 and will run for 25 years. The cost is based on pupil numbers and in the current year was £1,048,349. Funding was received from the ESFA to cover this commitment.

### **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. Related party transactions**

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

### **26. Agency arrangements**

The academy trust distributes bursary funds to students aged 16-19 as an agent for ESFA. The academy trust received £36,000 (2018: £44,000) and disbursed £19,000 (2018: £29,000) in the year. The remaining balance is held within deferred income, along with balances deferred from previous periods.