

Registration number: 08977173

The Kirkstead Education Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016



HALLIDAYS
MORE THAN JUST ACCOUNTANTS

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SK4 2HD

SATURDAY



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COMPANIES HOUSE

The Kirkstead Education Trust

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The Kirkstead Education Trust

Reference and Administrative Details

Members	R Benton D Boxall C Trask S. Kashyap (appointed 14 June 2016)
Trustees (Directors)	R Benton, (Chair) D Boxall F Haskayne S Kashyap (resigned 14 June 2016) E Losse, (Head Teacher & Accounting Officer) C Trask
Senior Management Team	E Losse, Head Teacher T Kendrick, Deputy Head Teacher C Potter, Assistant Head Teacher H Walker, Assistant Head Teacher A Powell, Senior Teacher A Proffitt, Senior Teacher
Principal and Registered Office	Kirkstead Road Cheadle Hulme Cheadle Cheshire SK8 7PZ
Company Registration Number	08977173
Auditors	Hallidays Chartered Accountants Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD
Bankers	Royal Bank of Scotland 50 Bramhall Lane South Bramhall Stockport SK7 1AJ
Solicitors	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 7 to 11 serving a catchment area in Cheadle Hulme. Hursthead Junior School has a pupil capacity of 360 and had a roll of 363 in the school census in January 2016.

Structure, governance and management

Constitution

The incorporation date of The Kirkstead Education Trust was 3rd April 2014, and conversion to Academy status took place on 1st June 2014. 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. Five of the governors, including the Head Teacher of Hursthead Junior School are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Kirkstead Education Trust. Hursthead Junior School is currently the only school in the Multi Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

Governors benefit from indemnity cover purchased at the Academy Trust's expense as part of the Risk Protection Arrangement provided by the Department for Education. This covers defence costs and legal liability of the Governors, Officers and Trustees to pay damages but not fines, penalties, punitive or exemplary damages. The limit of this indemnity is £10,000,000 for each and every loss.

Method of recruitment and appointment or election of Trustees

The Articles of Association state that the Trust shall have at least three directors, and shall not be subject to any maximum, which include the Head Teacher of the school and the three signatories to the Memorandum of Association. The usual term of office is a period of four years, with the exception of the Head Teacher who shall serve for as long as they are in post.

The school also has a local Governing Body, which must include two parent governors. Parent Governors are elected by the parents and appointed by the Directors, who will give consideration to the skills and experience of the current Governing Body, appointing those thought to bring suitable knowledge and expertise to contribute fully to the development of the School.

Governors regularly receive Head Teacher reports, policies, newsletters, minutes, financial information school improvement plans and have access to both the school website and Virtual Learning Environment.

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Policies and procedures adopted for the induction and training of Trustees

New Governors and Trustees are encouraged to take part in a programme of induction training, which is bought back by the School from the Local Authority. A skills audit is undertaken to identify any areas where further training may be necessary and Governors and Trustees are invited to take advantage of a full range of training opportunities provided by the Local Authority and other external providers. They are also invited to training for staff e.g. INSET days, Safeguarding training etc. Staff Governors are elected by school staff.

Governors and Trustees are always welcomed into the School to meet staff and pupils. 'Governor Thursdays' (the first Thursday in every month) allow regular opportunities for Governors to spend time in school joining in with school activities and liaising informally with staff and pupils.

Organisational structure

The Full Governing Body meets termly. It has established a number of sub-committees, and determined the membership and terms of reference of these committees. Usually, the committees meet termly in advance of the Governing Body meeting and the subsequent reports and activities of each committee are presented to and ratified by the Governing Body.

The committees currently in place are:

- Resources (incorporating Health & Safety, Premises, Finance and the Audit Committee)
- Teaching & Learning
- Standards
- Personnel (incorporating Performance Management)
- Pay

The Governing Body has devolved responsibility for monitoring, decision making and policy formulation to these committees, however responsibility for approval of the annual budget plan still lies with the Governing Body.

The Governing Body has devolved responsibility for the day to day running of the school to the Head Teacher and Senior Leadership Team (SLT). The SLT comprises the Head Teacher, Deputy Head Teacher, Assistant Head Teachers, and 2 Senior teachers covering the SENCO role.

The Head Teacher is also the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body annually agree the pay policy. This policy states that all teachers pay will be set in line with the School Teachers Pay and Conditions Document (STPCD). The Headteacher's, Deputy's and Assistant Heads' pay and remuneration are thus set in accordance with the STPCD and are also benchmarked against similar academies. The two School Business Manager's pay and remuneration are set in accordance with the Academy Trust's pay policy and are also benchmarked against other similar academies.

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Connected organisations, including related party relationships

The Hursthead Junior School Parents' Association run events and fundraising activities throughout the year to raise additional funds for the school.

The School shares the Kirkstead Road site with Hursthead Infant School, from which it receives the majority of its pupils. A shared use agreement is in place with the Infant school which came into effect at the point of conversion. The two schools work closely together on all aspects of school life, and ensure a smooth transition for pupils moving from KS1 to KS2.

The School is part of the Altius Alliance (formerly Atticus Alliance), led by Cheadle Hulme High School, we are one of their main feeder schools.

We also work closely with the University of Manchester in training the teachers of the future. We offer placements to students pursuing the PGCE qualification, and from September 2016 we are a School Direct provider, leading an alliance of primary schools in the local area including Hursthead Infant School, Bradshaw Hall Primary, Oak Tree Primary, Didsbury Road and Wilmslow Grange and working in partnership with the Manchester University PGCE course.

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Objectives and activities

Objects and aims

Hursthead Junior School endeavours to lay the foundations for children to develop into happy, secure and confident young people well equipped to achieve their maximum potential.

We aim to do this by -

- giving a wealth of opportunities from which to learn
- encouraging teamwork and a partnership between home and school
- offering a range of teaching and learning styles to enhance the children's development
- providing a commitment to the highest standards of assessment and learning underpinned by a continuing programme of staff development
- providing a safe, supportive and stimulating learning environment
- enabling children to achieve their maximum potential whilst enjoying their learning experiences
- promoting pupils' spiritual, moral, social and cultural development
- following an established code of behaviour which fosters self-esteem, self-respect, and respect for others
- placing pupils' rights and responsibilities at the heart of everything we do

The directors, governors and staff of the Kirkstead Education Trust at Hursthead Junior School strive to develop the necessary values, knowledge, skills and understanding for both pupils and adults to become REAL citizens.

- Responsible
- Enthusiastic
- Aspirational
- Leaders

Our vision is for children to become well-equipped for life with the skills to learn and to be good citizens representing their school community. We put the children at the heart of our decision-making process.

Responsibility

Staff at Hursthead Junior School take the responsibility to ensure that the rich, broad curriculum provided for all learners is an exciting, engaging process to be worked through rather than a set model. At Hursthead Junior School, everyone is a learner and expected to take responsibility for developing their knowledge, skills and understanding through a range of challenging opportunities that take place both in and out of the classroom. Children take responsibility for their own behaviour and, through our buddy system, are encouraged to care for each other and promote high standards. Teaching, learning and assessment are tailored to meet the needs of the individual - promoting children's strengths while recognising and taking active steps to address their areas for development. Our unique combination of lesson observations, teaching triads and pupil progress meetings and high quality professional dialogue puts children - and their progress - at the heart of everything we do and ensures that all children are provided with outstanding teaching and learning opportunities within a safe, supportive environment.

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Enthusiasm

Children and adults are encouraged to embrace life at Hursthead Junior School and take advantage of everything it has to offer. Staff provide a wide and varied programme of enrichment, from Scrabble to Cross Country, which support children in developing positive relationships within school and in having fun. We recognise that happy children make better learners and put enjoyment at the centre of our curriculum, encouraging children to be inquisitive and ask questions about the world around them. Staff promote a love of learning for its own sake and actively teach children the skills to become good learners and citizens - collaboration, teamwork, compromise and the ability to articulate their opinions whilst being respectful of the views and beliefs of others. Successes are celebrated and children are taught to understand that some of our best learning comes from the mistakes we make. Our vision is for Hursthead Junior School to be a model of best practice for learning behaviours.

Aspiration

Staff embed a sense of ambition for all children. Teachers and pupils articulate and embed high expectations of both learning and behaviour and promote an attitude of resilience and perseverance at an age appropriate level, preparing children for the next stage of their education. All children are given opportunities to experience success, whilst understanding the benefits of challenge. Children are encouraged to think beyond their primary school years and are provided with inspirational role models through academic pursuit, sport, music and creative activity. These include visitors to school, parents and community leaders as well as historical figures who have played a role in shaping society. Staff work with children and their families to promote standards of attainment that are consistently above national averages and strive to ensure that children make the very best progress possible.

Leadership

Hursthead Junior School's vision is for outstanding distributive leadership from children and adults. Right from Year 3 children are given opportunities to develop the qualities of leadership, whether that be through group work, as a school councillor or a member of club. As children progress through the school they are encouraged to lead in everything from sport to working with younger children. As a Rights Respecting School (RRSA Level 2) we actively promote an understanding of the UNCRC and the importance of Children's Rights around the world. Our RRSA steering group, School Council and Family system enable children to influence the direction and decision making within the school. Children learn how democracy works and stand for election. All staff in school are considered leaders - whether that be through a club, subject, area of responsibility or through the Senior Leadership team who work closely with the Governing Body and Directors to achieve the best possible outcomes for all children.

Through our endeavours, Hursthead Junior School will be the flagship school for the Kirkstead Education Trust.

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Objectives, strategies and activities

The principal object and activity of the Kirkstead Education Trust is the operation of Hursthead Junior School to provide free education and care for pupils of different abilities between the ages of 7 and 11 years.

Key priorities for the year are laid out in the School Development Plan. The 2015 SDP identified the following foci:

- Develop the leadership within school at all levels from pupils to senior leaders to improve the quality of teaching and learning across the school.
- The continued implementation of the 2014 National Curriculum and assessment practices to support teaching and learning.
- Apply the school behaviour policy, systems and procedures consistently to further develop positive attitudes to learning and pride in the school.
- The continued development of assessing without levels to ensure substantial and sustained progress for all pupils.
- To continue to develop home/school links and foster high levels of parental engagement
- Redefining the Values, Vision and mission statement of Hursthead Junior School within the Academy Trust
- To ensure the facilities are fit for purpose, provide good value for money and meet the needs of the users.

See School Development Plan 2016 for key priorities for the forthcoming year.

Public benefit

The trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the Trust is the provision of high quality education for its pupils. The School catchment is designated by the Local Authority and has remained unchanged since academy conversion. Hursthead Junior School is non-selective. The admission arrangements are handled on the School's behalf by the Local Authority and a new process will be introduced for children joining the school in 2020. Parents applying for Infant places for September 2017 will be made aware that they will need to use the online log-in to update details and apply for a place at Hursthead Juniors. Pupils on roll at the Infant school will continue to be given priority after SEN and LAC children.

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Achievements and performance

In September 2015, 2 full time teachers (both NQTs) were appointed to replace two long standing staff members. One of these had completed his teacher training at Hursthead Junior School as part of the School Direct programme in partnership with the University of Manchester. In September 2016, a further teacher was recruited to replace a long standing staff member, and an NQT recruited for a fixed term of one year to cover the Maternity leave of a class teacher during the 2016-17 academic year.

Standards are monitored and key priorities identified through a programme of lesson observations, teaching triads and pupil progress meetings as well as through a rigorous appraisal process. All teachers, with the exception of NQTs, are subject leaders. They carry out work scrutiny, pupil interviews and their reports feed into the School Development Plan.

The Parents' Association organised numerous fundraising events throughout the year, and donated funds to enable the purchase of a new stage, along with funding the transport for the annual Christmas theatre visits, and sporting events. DT resources and leavers gifts are also subsidised by the PA.

Key non-financial performance indicators

Roll – 361 Pupils were on roll at the end of the 2015-16 academic year.

Attendance – attendance during 2015-16 was 97.8%.

Exclusions – There were no exclusions during this period.

Summary of Key Stage 2 results

The school uses this data to identify strengths and areas for continued development.

	Pupils reaching the expected standard (Scaled Score 100+)			Pupils reaching the High Scale Score Standard (11+) / Writing Greater Depth (GDS)		
	School	National	LA	School	National	LA
Reading	88%	66%	69.1%	35.9%	-	21.9%
SPAG	81.5%	72%	76.9%	34.8%	-	25%
Maths	80.4%	70%	73.9%	30.4%	-	19.2%
Writing – TA	85.9%	74%	76.2%	7.6%	16.2%	0%
R, W, M	75%	53%	57.7%	5.4%	-	6.9%

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

The school was ranked 5th in the LA for reading scores. The results were in line with the school's internal targets and judgements. All subjects are well above national averages, with the exception of writing at greater depth. The school was moderated for writing by the local authority. LA figures for GDS writing range from 0 to 58.6%. Raising the percentage of pupils working at GDS this year is a school development plan priority.

	National Sufficient Progress	School Progress
Reading	-5	0.5
Writing	-7	-2.6
Maths	-5	-1.2

Pupils have made more than sufficient progress in all subjects. It remains challenging for pupils to make progress from their high starting points.

These results mean that the school is above the national floor standard which means above 65% combined in reading, writing and maths meeting the expected standard or sufficient progress in all 3 subjects.

Provisional analysis of Stockport schools shows that:

	No. of schools
Met floor through one measure	53
Met both measures of floor	23

Hursthead Junior School is one of the 23 schools that has met both measures.

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

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Financial review

The Majority of the School's income is received in monthly instalments from the Education Funding Agency (EFA), according to the Local Authority's Funding Formula.

The School also receives an annual Devolved Formula Capital (DFC) grant comprising a lump sum and a per-pupil supplement for capital improvements.

For the year 2015-16, the School was successful in securing a Condition Improvement Fund (CIF) grant of £45,814 from the EFA. This grant allowed the ageing heating units in the original school classrooms, hall and corridor to be replaced. The school bank balance appeared artificially high at 31st August 2016, as a proportion of the CIF grant was still held by the school, awaiting invoicing in early September.

The land, building and other assets were transferred to the School upon conversion. The land was professionally valued on 17th April 2014 at £384,000. The valuation of the building was provided by the Local Authority, and was stated to be £2,946,375. Other assets, including IT, were included at their original purchase price.

The School has taken on the deficit in the Local Government Pension Scheme in respect of the non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity.

The Governors have appointed Chris Trask (BA FCA) as Responsible Officer, to carry out a termly programme of internal check on the School's financial controls. This programme has been set by the Audit committee, and the findings of each termly check are reported to the Audit Committee at the next scheduled Resources Committee meeting. Checks carried out throughout 2015-16 showed no matters of significance.

Reserves policy

The School intends to use allocated funding to provide for the children currently on roll, whilst maintaining a prudent level of balances for future use. The school is mindful of anticipated funding reductions in future years, and this situation is kept under review. The projected budgets allow for increasing staffing costs.

Investment policy

The school keeps its cash balances between a current account, and an interest-bearing deposit account. The Trustees are committed to minimising financial risk and therefore have not entered into any external investment of school balances. The school aims to split its bank balance between two financial institutions during 2016/17 to allow maximum protection under the FSCS.

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Principal risks and uncertainties

The School has an agreed programme of internal controls designed to minimise and manage risk in all areas.

The principal risks and uncertainties facing the School are as follows:

Financial – The school relies on Government funding through the EFA. Reducing budgets and changes to the funding formula make future funding levels uncertain. There has been a delay in the publishing of Part 1 of the Fairer Funding Formula Consultation. Frequent budget reviews take place, a prudent level of balances are maintained and staffing reviews are undertaken prior to any appointments being made.

Legal / regulatory – The risks in this area arise from potential failure (knowingly or unknowingly) to comply with legislation in areas such as Health and Safety, employment, statutory returns etc. The School purchases the services of professionals in each area of specialism to ensure compliance with all statutory requirements.

Fraud / Misappropriation of Funds – The school has appointed a Responsible Officer to regularly check the level of internal controls used during financial activity. The Academies Financial Handbook provides the start point for the schools financial procedures and strict segregation of duties lessens the opportunity for fraudulent activity to take place.

Social – A free school is due to open in 2018/19 in the local area, and dependent upon the exact location this may have an effect on pupil numbers and / or the catchment of pupils attending Hursthead Junior School. A proposed change to admission criteria for the main feeder high school may also affect parents' choice of primary school. There are now also plans to open CHHS2 which will increase the number of places on offer.

The School put in place a risk register during 2014, which is reviewed and updated on a termly basis.

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Plans for future periods

The School will continue to challenge and support pupils to achieve their potential, whilst aiming to attract the highest calibre teaching and non-teaching staff.

Current Year SDP - See SDP 2016 for details

Leadership and Management

- Development of a whole school assessment cycle
- Review and update Assessment Policy
- Implement an effective training programme for School Direct trainees across the alliance (Hursthead Juniors, Hursthead Infants, Oak Tree, Bradshaw Hall, Didsbury Road and Wilmslow Grange) and recruit for 2017 -2018
- Enhance the record keeping and tracking for Pupil Premium groups/ individuals
- Continue to develop profile and responsibilities of subject leaders and ensure that effective feedback is provided to staff following monitoring and evaluation
- Raise the profile of Computing across the school
- Further develop the quality of teaching and learning in the Arts and work towards Artsmark reaccreditation
- Participate in the Global Learning Programme
- Further develop the role of children as leaders

Teaching, Learning and Assessment

- Ensure a relentless drive to improve the quality of handwriting and consistent application of spelling rules and therefore increase the percentage of children meeting ARE in writing
- Further enhance the teaching of mathematics which deepens understanding and shows pupils' mastery of the curriculum, increasing the percentage of children meeting ARE in maths
- Update reading and writing assessment grids in line with interim end of KS2 assessment frameworks
- Ensure all teachers are confident in being able to deliver the Computing Curriculum and use IT effectively to enhance teaching and learning
- Further develop the quality of teaching and learning in Science

Personal Development, Behaviour and Welfare

- Develop a consistent approach to recording and tracking behaviour incidents
- Continue to develop role of children as leaders
- Continue to develop resilience in children

Outcomes for Pupils

- Develop effective intervention groups and Pupil Premium groups that enhance learning for all pupils and lead to improved progress
- Ensure accurate and consistent use of assessments in foundation subjects
- Develop portfolios of evidence to support teachers in making judgements for children who are meeting and exceeding in reading, writing, mathematics and science
- Set and review effective targets for pupils

The School Development plan also identifies priorities for: Home/School Links; the Development of the Kirkstead Education Trust and Premises.

The Kirkstead Education Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Funds held as Custodian Trustee on behalf of others

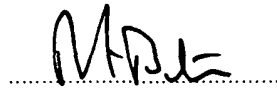
The School does not act as the Custodian Trustee of any other charity.

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the board of trustees on 1 December 2016 and signed on its behalf by:



R Benton
Member

The Kirkstead Education Trust

Governance Statement

Statement on governance and internal control

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Kirkstead Education 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 E Losse, (Head Teacher & Accounting 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 The Kirkstead Education 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 4 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
R Benton	4	4
D Boxall	4	4
E Losse	4	4
F Haskayne	2	4
C Howe	3	4
M Tonge	2	4
L Ashworth	4	4
G Theobald	2	4
V Jones	4	4
L Powner	4	4
C Trask	3	4

The Kirkstead Education Trust

Governance Statement (continued)

The Resources Committee is a sub-committee of the main board of trustees. Its purpose is to plan the budget and monitor spending, to ensure that pupils receive the best possible education in the best possible environment. The committee will monitor:

- projected numbers of pupils in the coming years and the effect on the budget
- the adequacy of resources
- the lettings policy
- the financial implications of the SDP and Post Ofsted Action Plan
- the major expenses that school will be facing over the next 3 - 5 years
- the school's action taken to meet H & S requirements
- any bids for additional funding
- the issues faced in regard to provision with regard to space/layout/decoration/ vandalism etc.
- the working conditions for the staff

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
R Benton	3	3
D Boxall	3	3
E Losse	3	3
F Haskayne	3	3
C Howe	3	3
M Tonge	2	3
C Trask	3	3

The Resources Committee also assumes the role and responsibilities of the Audit Committee. Its purpose is to:

- investigate any activity within its terms of reference.
- seek any information it requires from the internal audit service, the financial statements auditor, Governors, Committees and school employees, plus relevant information from subcontractors and other third parties.
- obtain external professional advice.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
R Benton	3	3
D Boxall	3	3
E Losse	3	3
F Haskayne	3	3
C Howe	3	3
M Tonge	2	3
C Trask	3	3

The Kirkstead Education Trust

Governance Statement (continued)

Governance reviews

The trustees acknowledge their responsibility to ensure the trust has an effective system to evaluate and monitor the governance. This includes a skills evaluation and access to the local authority governor training and development programme. The trustees also engage a professional clerk and an experienced responsible officer to check and validate that the trustees are conforming to their legal obligations. The trust also employs the services of an independent health and safety consultant who ensures compliance with legislation, carries out a full annual audit and advises on best practice. The governance of the Academy is kept under constant review. We are satisfied that the current skills base of our governing body is appropriate.

Review of value for money

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

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

- Reviewing staffing arrangements to ensure best use of staff resources following the resignation of a long serving teacher, and the forthcoming maternity leave of a second
- Successfully applying for a Condition Improvement Fund grant to replace the ageing heaters in the original building, improve conditions and providing energy efficiencies.
- Maintaining a competitive tendering policy to ensure best value is achieved with high value purchases / contracts
- Renegotiating copier and telephone contracts to reduce and fix costs in forthcoming years.
- Investing in Forest School Leader training for a member of non-teaching staff, enabling the school to deliver the sessions with one external consultant rather than two.
- Changing to a new payroll / HR service provider in order to secure a more effective service.
- Moving away from costly supply bureau teaching cover to the fixed term employment of 3 teachers on part time contracts to cover PPA and other activities.

Areas for development:

- Investigation into improving purchasing power through local groups
- Consideration to be given to letting school premises as a means of income generation
- Continuous review of staffing structures, including the use of supply teachers
- Move towards electronic payments to reduce costs and improve efficiency

The purpose of the system of internal control

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

The Kirkstead Education Trust

Governance Statement (continued)

Capacity to handle risk

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

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Chris Trask, a trustee, to carry out a programme of internal checks. Mr Trask is referred to as the Responsible Officer.

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

- Review of payroll to ensure all changes have been appropriately authorised and actioned
- Review of salary reports and corresponding FMS transactions
- Check a sample of orders from PO, invoice, cheque processing
- Review of bank reconciliation process, including a review of the validity of reconciling items
- Review of Cash flow
- Review of Petty Cash process and supporting documentation
- Review a sample of expense claims to ensure there is appropriate documentation to support the claims
- Review of asset register
- Review of insurance arrangements
- Review of control accounts
- Tendering policy - review of transactions ensuring appropriate procedures have been followed with regard to quotations
- AOB as agreed at previous Resources / Audit Committee meeting

On a termly basis, the Responsible Officer reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

The Kirkstead Education Trust

Governance Statement (continued)


Review of effectiveness

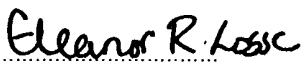
As Accounting Officer, E Losse, (Head Teacher & Accounting Officer) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer ;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the financial management and governance validation visit in April 2015

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

Approved by order of the members of the board of trustees on 1 December 2016 and signed on its behalf by:


.....
R Benton


.....
E Losse
Accounting officer

The Kirkstead Education Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Kirkstead Education Trust I have considered my responsibility to notify the Academy Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



E Losse, (Head Teacher & Accounting Officer)
Accounting officer

1 December 2016

The Kirkstead Education Trust

Statement of Trustees' Responsibilities

The Trustees (who are 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 Annual Accounts Direction published by the Education 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

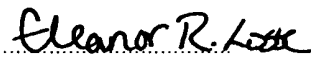
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 the EFA/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 on 1 December 2016 and signed on its behalf by:


.....
R Benton
Member


.....
E Losse
Trustee

The Kirkstead Education Trust

Independent Auditor's Report on the Financial Statements to the Members of The Kirkstead Education Trust

We have audited the financial statements of The Kirkstead Education Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 20), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

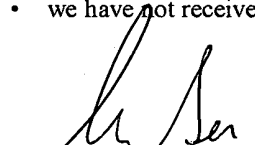
Matters on which we are required to report by exception

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

The Kirkstead Education Trust

Independent Auditor's Report on the Financial Statements to the Members of The Kirkstead Education Trust (continued)

- 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.



Anna Bennett (Senior Statutory Auditor)
For and on behalf of Hallidays, Statutory Auditor

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 09/12/16

The Kirkstead Education Trust

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

In accordance with the terms of our engagement letter dated 22 January 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Kirkstead Education Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the board of trustees's funding agreement with the Secretary of State for Education dated 30 May 2014 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy's framework of authorities. As identified by review of minutes, management accounts, discussion with accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy are within the academy's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy and extended the procedures required for the financial statements to include regularity.

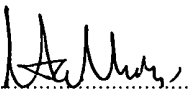
The Kirkstead Education Trust

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

- We have assessed and tested a sample of specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy's delegated authorities and that the internal delegations have been approved by the governing body and conform to the limits set by the Department for Education.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations and other matters where direct evidence is not available.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hallidays, Chartered Accountants

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 09/12/16

The Kirkstead Education Trust

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted pension fund £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:						
Donations and capital grants	2	-	7,370	-	53,763	61,133
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	1,221,786	-	-	1,221,786
Other trading activities	4	89,058	37,082	-	-	126,140
Investments	5	960	-	-	-	960
Total		90,018	1,266,238	-	53,763	1,410,019
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	1,317,621	20,000	54,901	1,392,522
Net income/(expenditure)		90,018	(51,383)	(20,000)	(1,138)	17,497
Transfers between funds		(72,567)	58,413	-	14,154	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	23	-	-	(99,000)	-	(99,000)
Net movement in funds/(deficit)		17,451	7,030	(119,000)	13,016	(81,503)
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2015		224,850	(7,030)	(115,000)	3,737,329	3,840,149
Total funds/(deficit) carried forward at 31 August 2016		242,301	-	(234,000)	3,750,345	3,758,646

The Kirkstead Education Trust

Statement of Financial Activities for the Period from 3 April 2014 to 31 August 2015 (including Income and Expenditure Account)

					(As restated)
	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Fund £	Total 15 months 2015 £
Income and endowments from:					
Donations and capital grants	2	-	15,760	-	190,701
Transfer from local authority on conversion		133,787	-	(74,000)	3,544,518
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	1,614,073	-	1,614,073
Other trading activities	4	90,039	26,592	-	116,631
Investments	5	1,024	-	-	1,024
Total		224,850	1,656,425	(74,000)	3,735,219
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	1,599,009	20,000	62,338
Net income/(expenditure)		224,850	57,416	(94,000)	3,672,881
Transfers between funds		-	(64,446)	-	64,446
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	23	-	-	(21,000)	(21,000)
Net movement in funds/(deficit)		224,850	(7,030)	(115,000)	3,737,327
Reconciliation of funds					
Total funds/(deficit) carried forward at 31 August 2015		224,850	(7,030)	(115,000)	3,737,327

The Kirkstead Education Trust
(Registration number: 08977173)
Balance Sheet as at 31 August 2016

	Note	31 August 2016 £	(As restated) 31 August 2015 £
Fixed assets			
Tangible assets	12	3,722,863	3,638,562
Current assets			
Debtors	13	48,011	51,704
Cash at bank and in hand		282,513	447,394
		330,524	499,098
Creditors: Amounts falling due within one year	14	(60,741)	(182,511)
Net current assets		269,783	316,587
Total assets less current liabilities		3,992,646	3,955,149
Net assets excluding pension liability		3,992,646	3,955,149
Pension scheme liability	23	(234,000)	(115,000)
Net assets including pension liability		3,758,646	3,840,149
Funds of the Academy:			
Restricted funds			
Restricted general fund		-	(7,030)
Restricted fixed asset fund		3,750,345	3,737,329
Restricted pension fund		(234,000)	(115,000)
		3,516,345	3,615,299
Unrestricted funds			
Unrestricted general fund		242,301	224,850
Total funds		3,758,646	3,840,149

The financial statements on pages 25 to 48 were approved by the Trustees, and authorised for issue on 1 December 2016 and signed on their behalf by:



 E Losse
 Trustee

The Kirkstead Education Trust

Statement of Cash Flows for the Year Ended 31 August 2016

		31 August 2016 £	15 Months ending 31 August 2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(80,402)	412,051
Cash flows from investing activities	20	<u>(84,479)</u>	<u>35,343</u>
Change in cash and cash equivalents in the year		(164,881)	447,394
Cash and cash equivalents at 1 September		<u>447,394</u>	<u>-</u>
Cash and cash equivalents at 31 August	21	<u><u>282,513</u></u>	<u><u>447,394</u></u>

The Kirkstead Education Trust

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

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

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

The Kirkstead Education Trust meets the definition of a public benefit entity under FRS 102.

Going concern

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

Income

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

Grants

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

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

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

Donations

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

The Kirkstead Education Trust

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

1 Accounting policies (continued)

Other income

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

Donated goods, facilities and services

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

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

The Kirkstead Education Trust

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

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

Asset class	Depreciation method and rate
Buildings Leashold	125 years Straight Line
Fixtures & Fittings	10% Straight Line
Computer Equipment	33.33% Straight Line

Liabilities

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

Provisions

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

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

Leased assets

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

The Kirkstead Education Trust

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

1 Accounting policies (continued)

Taxation

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

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

Pension benefits

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

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

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

The Kirkstead Education Trust

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

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31/08/2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

First time adoption of FRS 102

These financial statements are the first financial statements of The Kirkstead Education Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Kirkstead Education Trust for the period ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

2 Donations and capital grants

	Restricted funds	Restricted fixed asset funds	Total 2016	Total 15 months ending 31 August 2015
	£	£	£	£
Transfer on conversion	-	-	-	3,604,305
Other voluntary income				
Capital grants	-	53,763	53,763	190,701
Other donations	7,370	-	7,370	15,760
	<u>7,370</u>	<u>53,763</u>	<u>61,133</u>	<u>206,461</u>
Total voluntary income	<u>7,370</u>	<u>53,763</u>	<u>61,133</u>	<u>3,810,766</u>

The Kirkstead Education Trust

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

3 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2016 £	Total 15 months ending 31 August 2015 £
DfE/EFA revenue grants			
General Annual Grant (GAG)	1,171,240	1,171,240	1,497,901
Other DfE/EFA Grants	47,983	47,983	62,211
Start Up Grant	-	-	25,000
	<u>1,219,223</u>	<u>1,219,223</u>	<u>1,585,112</u>
Other government grants			
Other Government Grants	<u>2,563</u>	<u>2,563</u>	<u>28,961</u>
Total grants	<u>1,221,786</u>	<u>1,221,786</u>	<u>1,614,073</u>

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 15 months ending 31 August 2015 £
Catering income	72,258	-	72,258	77,671
School shop sales	1,494	-	1,494	1,346
Other income	<u>15,306</u>	<u>37,082</u>	<u>52,388</u>	<u>37,614</u>
	<u>89,058</u>	<u>37,082</u>	<u>126,140</u>	<u>116,631</u>

5 Investment income

	Unrestricted funds £	Total 2016 £	Total 15 months ending 31 August 2015 £
Bank Interest	<u>960</u>	<u>960</u>	<u>1,024</u>

The Kirkstead Education Trust

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

6 Expenditure

	Non Pay Expenditure				Total 15 months ending 31 August 2015 £
	Staff costs £	Premises £	Other costs £	Total 2016 £	
Academy's educational operations					
Direct costs	842,421	47,176	120,624	1,010,221	1,200,876
Allocated support costs	153,937	73,557	154,807	382,301	480,471
	<u>996,358</u>	<u>120,733</u>	<u>275,431</u>	<u>1,392,522</u>	<u>1,681,347</u>

Net income/(expenditure) for the year includes:

	31 August 2016 £	15 months . ending 31 August 2015 £
Operating leases - other leases	4,475	2,935
Depreciation	54,901	62,338
Fees payable to auditor - audit	4,250	3,500
- other audit services	<u>2,500</u>	<u>4,090</u>

The Kirkstead Education Trust

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

7 Charitable activities

		Total 2016 £	Total 15 months ending 31 August 2015 £
Direct costs - educational operations		1,010,221	1,200,876
Support costs - educational operations		382,301	480,471
		<u>1,392,522</u>	<u>1,681,347</u>
	Educational operations £	Total 2016 £	Total 15 months ending 31 August 2015 £
Analysis of support costs			
Support staff costs	153,937	153,937	178,833
Depreciation	7,725	7,725	8,939
Premises costs	65,832	65,832	87,658
Other support costs	148,057	148,057	181,723
Governance costs	6,750	6,750	23,318
Total support costs	<u>382,301</u>	<u>382,301</u>	<u>480,471</u>

The Kirkstead Education Trust

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

8 Staff

Staff costs

	2016 £	15 months ending 31 August 2015 £
Staff costs during the year were:		
Wages and salaries	768,118	895,600
Social security costs	61,937	58,828
Pension costs	149,286	151,539
	<u>979,341</u>	<u>1,105,967</u>
Supply teacher costs	17,017	102,083
	<u>996,358</u>	<u>1,208,050</u>

Staff numbers

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

	31 August 2016 No	15 months ending 31 August 2015 No
Charitable Activities		
Teachers	16	12
Administration and support	11	11
Management	2	2
	<u>29</u>	<u>25</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	31 August 2016 No	15 months ending 31 August 2015 No
£60,001 - £70,000	1	-
£80,001 - £90,000	-	1

The Kirkstead Education Trust

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

8 Staff (continued)

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £321,294 (2015: £370,014 - 15 months).

9 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

E Losse (Principal):

Remuneration: £60,000 - £65,000 (2015 - £80,000 - £85,000)

Employer's pension contributions: £10,000 - £15,000 (2015 - £10,000 - £15,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £81 (2015 - £Nil) were reimbursed or paid directly to 1 trustees (2015 - 0).

The comparative figures above represent those paid for the extended 15 month period from the date of conversion to the 31 August 2015.

Other related party transactions involving the trustees are set out in note 24.

10 Trustees' and officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme 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.

11 Connected charities

Hursthead Junior School PA is a connected charity and it is related to the academy as follows: Hursthead Junior School PA is a registered connected charity - charity reference number 1043858 whose charitable objects are for the advancement of the education of the pupils of Hursthead Junior School.

- The aggregate amount of the entity's assets is £9,762
- The aggregate amount of the entity's liabilities is £Nil
- The aggregate amount of the entity's funds is £9,762
- The total turnover of the entity is £4,303
- The total expenditure of the entity is £7,370
- Loss for the year is £3,067

The Kirkstead Education Trust

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

12 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2015	3,531,319	119,978	49,603	3,700,900
Additions	98,266	36,511	4,425	139,202
At 31 August 2016	3,629,585	156,489	54,028	3,840,102
Depreciation				
At 1 September 2015	30,522	14,589	17,227	62,338
Charge for the year	25,965	12,402	16,534	54,901
At 31 August 2016	56,487	26,991	33,761	117,239
Net book value				
At 31 August 2016	3,573,098	129,498	20,267	3,722,863
At 31 August 2015	3,500,797	105,389	32,376	3,638,562

13 Debtors

	31 August 2016 £	31 August 2015 £
Trade debtors	-	3,069
VAT recoverable	11,828	12,531
Other debtors	373	-
Prepayments	24,695	26,544
Accrued grant and other income	11,115	9,560
	<u>48,011</u>	<u>51,704</u>

14 Creditors: amounts falling due within one year

	31 August 2016 £	31 August 2015 £
Trade creditors	17,410	80,598
Other taxation and social security	19,551	79,943
Accruals	9,259	7,715
Deferred income	14,521	14,255
	<u>60,741</u>	<u>182,511</u>

The Kirkstead Education Trust

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

14 Creditors: amounts falling due within one year (continued)

	31 August 2016 £
Deferred income	
Deferred income at 1 September 2015	14,255
Resources deferred in the period	14,521
Amounts released from previous periods	<u>(14,255)</u>
Deferred income at 31 August 2016	<u>14,521</u>

Deferred income represents £14,521 received from parents in advance of school trips taking place in 2016/17.

15 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
Other DfE/EFA Grants	-	47,983	(47,983)	-	-
General Annual Grant (GAG)	(7,030)	1,171,242	(1,222,625)	58,413	-
Other government grants/income	-	2,563	(2,563)	-	-
Restricted other voluntary income	<u>-</u>	<u>44,450</u>	<u>(44,450)</u>	<u>-</u>	<u>-</u>
	<u>(7,030)</u>	<u>1,266,238</u>	<u>(1,317,621)</u>	<u>58,413</u>	<u>-</u>
Restricted fixed asset funds					
DFC grant	15,714	7,949	(348)	-	23,315
Assets transferred on conversion	3,486,295	-	(50,422)	-	3,435,873
CIF funding	171,933	45,814	(3,200)	-	214,547
Capital expenditure from GAG	<u>63,387</u>	<u>-</u>	<u>(931)</u>	<u>14,154</u>	<u>76,610</u>
	3,737,329	53,763	(54,901)	14,154	3,750,345
Restricted pension funds					
Restricted pension fund	<u>(115,000)</u>	<u>-</u>	<u>(20,000)</u>	<u>(99,000)</u>	<u>(234,000)</u>
Total restricted funds	3,615,299	1,320,001	(1,392,522)	(26,433)	3,516,345
Unrestricted funds					
Unrestricted general funds	<u>224,850</u>	<u>90,018</u>	<u>-</u>	<u>(72,567)</u>	<u>242,301</u>
Total funds	<u>3,840,149</u>	<u>1,410,019</u>	<u>(1,392,522)</u>	<u>(99,000)</u>	<u>3,758,646</u>

The Kirkstead Education Trust

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

15 Funds (continued)

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

Restricted General Funds

Other voluntary income of £44,450 includes £7,370 donated by the PTA and £37,083 received from parents for educational visits during the year.

Restricted Fixed Asset Funds

During the year the Trust received CIF funding (Conditional Improvement Funding) for refurbishment of the heating systems. In the prior year the Trust received CIF funding (Conditional Improvement Funding) for external fabric repairs and kitchen alterations.

All other funds are statutory funding streams arising from the operation of the Academy.

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	3,722,863	3,722,863
Current assets	303,042	-	27,482	330,524
Current liabilities	(60,741)	-	-	(60,741)
Pension scheme liability	-	(234,000)	-	(234,000)
Total net assets	<u>242,301</u>	<u>(234,000)</u>	<u>3,750,345</u>	<u>3,758,646</u>

17 Capital commitments

	31 August 2016 £	31 August 2015 £
Contracted for, but not provided in the financial statements	<u>12,732</u>	<u>98,350</u>

The Kirkstead Education Trust

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

18 Commitments under operating leases

Operating leases

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

	31 August 2016 £	31 August 2015 £
Amounts due within one year	4,196	720
Amounts due between one and five years	11,816	2,880
	<u>16,012</u>	<u>3,600</u>

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

	31 August 2016 £	31 August 2015 £
Net income	17,497	3,861,147
Depreciation	54,901	62,338
Capital grants from DfE and other capital income	(53,763)	(3,735,217)
Interest receivable	(960)	(1,024)
Defined benefit pension scheme obligation inherited	-	74,000
Defined benefit pension scheme cost less contributions payable	16,000	15,000
Defined benefit pension scheme finance cost	4,000	5,000
Decrease/(increase) in debtors	3,693	(51,704)
(Decrease)/increase in creditors	(121,770)	182,511
Net cash (used in)/provided by Operating Activities	<u>(80,402)</u>	<u>412,051</u>

The Kirkstead Education Trust

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

20 Cash flows from investing activities

	31 August 2016 £	31 August 2015 £
Dividends, interest and rents from investments	960	1,024
Purchase of tangible fixed assets	(139,202)	(156,382)
Capital funding received from sponsors and others	53,763	190,701
Net cash (used in)/provided by investing activities	<u>(84,479)</u>	<u>35,343</u>

21 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	282,513	447,394
Total cash and cash equivalents	<u>282,513</u>	<u>447,394</u>

22 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.

23 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough 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 2013.

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

Teachers' Pension Scheme

Introduction

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

The Kirkstead Education Trust

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

23 Pension and similar obligations (continued)

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the period amounted to £94,296(2015: £105,048).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £47,000 (2015 - £56,000), of which employer's contributions totalled £36,000 (2015 - £43,000) and employees' contributions totalled £11,000 (2015 - £13,000). The agreed contribution rates for future years are per cent for employers and between 5.5% and 12.5% per cent for employees banded based on salary.

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.

The Kirkstead Education Trust

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

23 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.40	3.90
Rate of increase for pensions in payment/inflation	2.10	2.70
Discount rate for scheme liabilities	<u>2.10</u>	<u>3.80</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	- 0.5%
Adjustment to discount rate	£
Present value of total obligation	<u>77,000</u>
	+ 0.5%
Adjustment to rate of inflation	£
Present value of total obligation	<u>49,000</u>
	+ 0.5%
Adjustment to rate of salary growth	£
Present value of total obligation	<u>18,000</u>
	+ 1 Year
Adjustment to mortality age rating assumption	£
Present value of total obligation	<u>18,000</u>

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	21.40	21.40
Females retiring today	24.00	24.00
Retiring in 20 years		
Males retiring in 20 years	24.00	24.00
Females retiring in 20 years	<u>26.60</u>	<u>26.60</u>

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

The Kirkstead Education Trust

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

23 Pension and similar obligations (continued)

	At 31 August 2016 £	At 31 August 2015 £
Equities	257,000	183,000
Corporate bonds	61,000	46,000
Property	21,000	15,000
Cash	18,000	10,000
Total market value of assets	357,000	254,000
Present value of scheme liabilities - funded	(591,000)	(369,000)
Deficit in the scheme	(234,000)	(115,000)

The actual return on scheme assets was £45,000 (2015 - (£1,000)).

Amounts recognised in the statement of financial activities

	31 August 2016 £	31 August 2015 £
Current service cost	16,000	15,000
Net interest cost	4,000	5,000
Total operating charge	20,000	20,000

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

	31 August 2016 £	31 August 2015 £
At 1 September	369,000	262,000
Current service cost	52,000	58,000
Interest cost	15,000	16,000
Employee contributions	11,000	13,000
Actuarial losses	144,000	20,000
At 31 August	591,000	369,000

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

	31 August 2016 £	31 August 2015 £
At 1 September	254,000	188,000
Interest income	11,000	11,000
Return on plan assets (excluding net interest on the net defined pension liability)	45,000	(1,000)
Employer contributions	36,000	43,000
Employee contributions	11,000	13,000
At 31 August	357,000	254,000

The Kirkstead Education Trust

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

24 Related party transactions

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

During the year the academy made the following related party transactions:

Mrs C. Howe

HCSS Education Limited, a company in which Mrs C. Howe was Company Secretary, supplied computer software to the value of £1,500 in the period to 31 August 2016 (2015 - £1,290). At the balance sheet date the amount due to Mrs C. Howe was £Nil (2015 - £Nil).

25 Transition to FRS 102

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31/08/2015 and the date of transition to FRS 102 and SORP 2015 was therefore 03/04/2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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

The Kirkstead Education Trust

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

25 Transition to FRS 102 (continued)

Reconciliation of total funds

	31 August 2015 £
Total funds under previous UK GAAP	3,835,491
Deferred capital grants	<u>4,658</u>
Total funds reported under FRS 102	<u><u>3,840,149</u></u>

Reconciliation of net income/(expenditure)

	Note	Amount £
Net income/(expenditure) previously reported under UK GAAP		3,861,491
Change in recognition of LGPS interest cost		(5,000)
Deferred capital grants		<u>4,658</u>
Restated income under FRS102		<u><u>3,861,149</u></u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 3 April 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £5,000 and decrease the debit in other recognised gains and losses in the SOFA by an equivalent amount.

Deferral of capital grants

Under FRS 102 devolved capital grants from the EFA must be recognised in full when received. The effect of this change is to increase income from capital grants by £4,658 and decrease the deferred income creditor in 2015, and increase the restricted general funds brought forward by an equivalent amount in 2016.