

Company Registration Number: 09889819 (England and Wales)

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**



**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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THE BLUE KITE ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	J Randell-Sly N Tucker P Himple (resigned 26 November 2020) R Soare N Griffiths (appointed 28 November 2019, resigned 10 December 2020) P Miller (appointed 26 November 2020)
Trustees	G Evans, Chief Executive Officer ^{1,3} P Himple, Chair of Trustees, Chair of Finance, Personnel & Resources (resigned 26 November 2020) ¹ J Hobbs, Chair of Education Standards & Strategy (resigned 11 February 2020) ³ H Brown (resigned 15 September 2020) ^{1,2} C Harris, Chair of Risk, Audit & Strategy ^{1,2,3} M Rachael (resigned 16 November 2020) ^{1,2} P Miller, Chair of Trustees from 26 November 2020 and Chair of Education Standards & Strategy from 6 November 2020 ³ ¹ Finance, Personnel and Resources Committee ² Risk, Audit and Strategy Committee ³ Education Standards Committee
Company registered number	09889819
Company name	The Blue Kite Academy Trust
Principal and registered office	Ferndale Primary And Nursery School Wiltshire Avenue Swindon Wiltshire SN2 1NX
Company secretary	J Hayward
Chief executive officer	G Evans
Senior management team	Gary Evans, Chief Executive Officer Robert Buckley, Deputy Chief Executive Officer Samantha Edge, Chief Operating Officer Julia Toogood, Chief Finance Officer
Independent auditors	Bishop Fleming Bath Limited Chartered Accountants Statutory Auditors Minerva House Lower Bristol Road Bath BA2 9ER
Bankers	Lloyds Bank plc 5 High Street Swindon SN1 3EN

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Solicitors	Browne Jacobson Mobray House Castle Meadow Road Nottingham NG2 1BJ
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**THE BLUE KITE ACADEMY TRUST
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**TRUSTEES REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2020. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates seven primary academes in Swindon. This includes two new free schools which opened in September 2019 and two additional primary schools joining the trust during the year. Its academies have a combined pupil capacity of 2,490 and had a roll of 2,313 in the school census on October 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust incorporated on 26 November 2015, is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of The Blue Kite Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Blue Kite Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

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

Trade union facility time

In line with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Trust's analysis is as follows:

Relevant union officials

<i>Number of employees who were union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
1	1

Percentage of time spent on facility time

<i>Percentage of time</i>	<i>Number of employees</i>
0%	0
1-50%	1
51%-99%	0
100%	0

This role is completed mostly in their own time and the Trust has incurred a negligible cost in relation to this.

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**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.
- Members may appoint by ordinary resolution up to 10 Trustees which shall include the Chief Executive Officer.
- Trustees may appoint Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed.
- The total number of Trustees including the Chief Executive Officer if they so choose to act as Trustee who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.
- A minimum of 2 Parent Trustees should be appointed in the event that no Local Governing Bodies are established or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body.

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Trust's development.

**THE BLUE KITE ACADEMY TRUST
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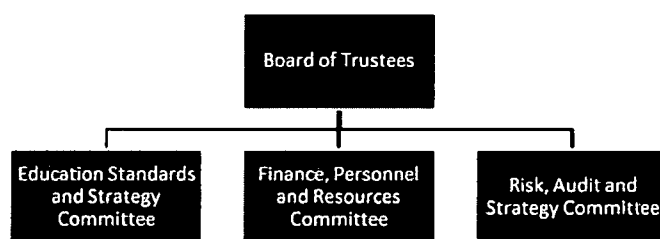
**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Trust and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. All Trustees will have to meet the Trust's safeguarding standards. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.



- Finance, Personnel and Resources Committee - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels.
- Education Standards and Strategy Committee - this meets up to three times a year to monitor, evaluate and review Trust policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Risk, Audit and Strategy Committee - meets up to three times a year to monitor, evaluate and review policy and performance in relation to the effectiveness of the Trust's systems of internal control and its arrangement for risk management. It will assist in developing the audit strategy in growing the MAT and balancing the growth of the Trust against the level of risk. It also incorporates the role of an audit committee.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the CEO and Clerk to the Trustees, to approve the Annual Development Plan and budget.

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

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the CEO and the Trust leadership team. Each individual academy is led by a Headteacher supported by their SLT and a Local Governing Body. The Headteacher, along with the Senior Leadership Team implement the policies laid down by the CEO and Trustees and report back to them on performance.

**THE BLUE KITE ACADEMY TRUST
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**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

The Senior Trust Leadership Team consists of the Chief Executive Officer, Deputy CEO, Chief Finance Officer and Chief Operating Officer. The Chief Executive Officer is the Accounting Officer.

The Academy Trust comprises 6 primary schools and 1 junior school: Brook Field Primary School, Catherine Wayte Primary School, Ferndale Primary and Nursery School, Abbey Meads Community Primary School, William Morris Primary School, Badbury Park Primary School and Ruskin Junior School. Each school has its own Governing Body responsible for day to day operations and management of the school's budget. The Trust Board comprises of Trustees who have been appointed on a skills basis some have been local governors in our schools.



Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Trust in charge of directing and controlling, running, and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions if any, are disclosed in the notes to the accounts. The Trustees benchmark against pay levels in other academies of a similar size.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of The Blue Kite Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with the Trust. The Trust Academy Trust has developed links with other local schools and Trusts due to its extensive knowledge and understanding of school leadership, HR management, school governance and supporting families. As such, it will occasionally provide chargeable (at cost) support to other partners.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools, offering a broad range of curriculum for pupils of different abilities. At The Blue Kite Academy Trust we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative, and physical potential and to develop positive social and moral values. The Trust is a community in which children, staff and parents should be part of a happy and caring environment.

The aims of the Trust during the year ended 31 August 2020 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra-curricular activities.
- to develop students as more effective learners.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to develop the Trust's capacity to manage change, and
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

**THE BLUE KITE ACADEMY TRUST
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**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

At the Blue Kite Trust, we aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Trust is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are contained in our Trust Development Plan which is available from the Trust Office. Improvement focuses identified for this year include:

- Raise attainment at Greater Depth at Ruskin whilst maintaining the good results at the expected level.
- Support Ruskin to ensure they move from RI with Good features to fully Good by the next inspection.
- Ensure that school improvement systems are now synchronised across the Trust.
- Begin networking the support staff, in addition to the teachers and TAs, between schools to share good practice
- Improve monitoring across the Trust and develop new methods of sharing good practice are being developed so that all of our schools are working in peer networking groups and supporting each other with school improvement.
- Develop a new Rapid Recovery model of school improvement to support vulnerable schools and to further our work as system leaders across the area.
- Further develop Inspire which is our professional development program ensuring our staff have access to the best quality training available.
- Develop our HR procedures to support our schools and align our procedures across the Trust.
- Growth strategy and plan refined in readiness for future growth opportunities.
- TCAF funding bids submitted and approved for the Trust central team to realise growth opportunities. The Trust will be applying for further TCAF funding in the next academic year.
- Detailed and robust capital strategy developed and implemented.
- Some opportunities for income generation were prohibited due to the pandemic.
- COVID-19 caused extensive operational issues for the Trust and necessitated additional investment to ensure that the buildings were suitable to manage the implications of the pandemic. However, savings were made in some areas such as utilities and supplies. Some of our schools have some long-term contracts in place which were covered by the government PPN notice 02/20 and 04/20.
- The Trust will receive government catch-up funding which will enable investment in ICT, equipment, additional staff costs and services. This will facilitate further online learning if needed and additional intervention for those pupils requiring increased support because of the COVID-19 partial closure.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Trust aims to advance for the public benefit, education in Swindon and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and development schools.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

STRATEGIC REPORT

The new year started well with our first Blue Kite Conference and it has been a huge success. We felt it was important to be able to have all staff together to share the successes of the trust to date and ensure that all staff feel valued. The day was well attended with 300 Teachers, TAs and office staff from across all of our schools, including Brook Field. We also had some representatives from other local primary and secondary schools beyond the Trust. The day consisted of an update from our CEO on information about the Trust, three guest speakers sharing information in areas such as staff wellbeing and resilience, inspirational thoughts and anecdotes promoting the 'Joy of English' and some very useful advice from a discipline coach. All staff found the conference to be very interesting, enjoyable and motivational.

At this point we were unaware of the global and national impact COVID-19 would have on our country and in particular education. As soon as it became apparent that our schools would be heading for a partial closure, senior Trust staff responded by researching government guidance and developing clear strategies to deal with the range of challenges that COVID-19 and subsequent partial closure presented. We developed extensive guidance and operational risk assessments to aid schools in protecting their staff and children and to enable them to operate safely under the new conditions. We then shared this guidance with all the schools across the town. We rapidly developed an online learning platform to host activities for our children and to act as a portal for teaching, learning and wellbeing support for all families to access during this time of crisis. The Trust shared the successes of children who participated in those activities. We have currently been commissioned by the RSC and the Local Authority to provide specific support to a local primary school to assist them in implementing systems and procedures pertaining to COVID-19.

As a trust, we held almost daily crisis meetings to keep abreast of the developing situation and we believe this helped our schools prepare for the changes more quickly and effectively than others. We addressed each crisis as it arose. The Trust Estates Manager created new systems and checklists for schools shutting down or operating with reduced staff. Our Chief Operating Officer supported schools through identifying key workers and ensuring that we had the right systems in place so that school offices could cope. This support also extended to reviewing and updating risk assessments and policies. The Chief Finance Officer, along with the finance team, helped schools in differing circumstances ensure that free school meal vouchers were in place during an uncertain period with the introduction of the National Voucher Scheme. They were also proactive in finding ways to furlough catering and extended schools' staff where these services were suspended during lockdown.

Those of our schools who are very successful in generating income through trading and letting activities were impacted the most, but each have healthy reserves and were able to remain financially strong. Other schools were able to make savings in some areas but incurred additional expenditure on resources to make their school environment safe for key worker children attending during lockdown and for those returning towards the end of the summer term. As a trust we took the decision to bring back as many pupils as possible in June 2020. As a result, in addition to Y6, Y1 and Reception we also made provision for Y5 and created outside transition days for all pupils before returning to school in September 2020.

Our staff received bespoke training on pupil mental health and wellbeing from our Lighthouse team and extra provision was made available to support families and children upon the return to school.

The Trust schools maintained frequent regular contact with parents and kept them informed of everything that was being done to maintain continuity of teaching and the plans for children to safely return to school. Our senior Trust staff also engaged with our suppliers and contractors, taking advantage of key information provided in relation to their sector and the potential impact this would have on our schools. We continue to regularly attend webinars presented by our professional services suppliers who share information on a variety of topics relevant to the work we are doing at the Trust.

TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Achievements and Performance

So that we can make new and informed judgements of the impact of COVID-19 on our pupils, we have asked schools to make reasonable and rounded judgements based on a range of factors which will include various forms of testing, the level at which the children are currently working in class and where those lessons are being pitched and teacher assessment against their age-related criteria. Schools also need to consider where each year group was assessed before lockdown to help inform judgements. Please bear in mind that these results are not prescriptive but they are our best estimates, based on a range of assessments and judgements. It is still difficult for teachers to make accurate assessments of children which takes into account the unprecedented circumstances (including prolonged and continual absence / remote learning) that we are still coping with on a daily basis. The results of this assessment will help us to:

- Assess the gaps
- Have an overall picture of where our pupils are compared to where they should be at this time of year
- Discover which subjects have been most effected and
- Discover which groups of pupils have been most effected
- Look at the trend across our schools and plan a response as a trust
- Ensure we have specific training in place to address the needs of each school

A summary of our findings:

- Although current data is below typical across all year groups at EXP+ it is only showing a marginal drop off of around the 5 -10% mark. Expectations before the assessments were that this could have been a lot worse.
- Typically, less able children appear to be those who have been most affected during lockdown.
- Most significant concerns in our primaries seem to lie with Year 3. This could be due to the fact that they are one of the year groups who have spent the least time in school but also potentially did not benefit from the academic 'push' that occurs in Year 2.
- Two of our schools have suffered from periods of two week self-isolation of their bubbles.
- Interventions and catch up programs are in place in each year group, with the more affected year groups being targeted.
- Writing seems to be the subject that has been affected the most across our schools.
- One school's results are still lower across the board than the other schools, however these results seem to be more accurate than in the past and with sufficient interventions they should be able to raise their attainment to previous national levels. Greater Depth looks improved across the whole school, which is something they have been focusing on.

To help address the issues identified, we are in the process of setting up a specific working party to help ascertain the best methods for supporting lower ability children within class, using the Core Standards framework as a model.

In addition to this, we are particularly proud of the opening of the Badbury Park permanent building; a project we have been working on for the past five years. The team have done a fantastic job of preparing the school for pupils. They have taken the outdoor learning theme, which underpins the curriculum, and threaded it through the displays within the school. Every room and corridor are already reflecting their learning aims and creating a positive, inspiring environment.

Strategic Education Team

We have created a strategic education team to oversee and develop all the schools in our Trust in our efforts to reach the highest possible outcomes for all our pupils.

Now in place the school improvement team:

- Ensure that data is analysed effectively and targeted responses are included in each school's development plan.
- Have a focus on raising quality of teaching through specific CPD opportunities.
- Improve provision mapping and impact measurement for all pupils including those funded by pupil premium.

TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

- Ensure governors and trustees have a clear understanding of how to effectively challenge schools. Our Governor Training & Development Program is designed to enhance the strategic leadership at LGB level.

School Leadership Advisor

Appoint a school Improvement Advisor post to help support schools in the Trust with leadership development as well as further developing the Trust's school improvement model. Our focus is on improving the outcomes for disadvantaged pupils across all schools and especially at Ruskin. Previously she has been a headteacher of an Outstanding school and a Local Leader of Education.

Inspire

We believe that effective Trusts have clear and effective methods of developing professional networking and development with a strong focus on school improvement. To this end we have created Inspire, where we have staff who are experienced in working as part of teaching schools, developing our CPD and career development programs. In addition, we have been accepted by UCAS as a hub for initial teacher training working with the North Wiltshire SCITT. During 2019-20, we trained 9 students from schools both within and beyond the Trust. All 9 students successfully completed their training and have secured permanent teaching posts in schools.

Key Performance Indicators

The Blue Kite Trust uses several benchmarks to evaluate financial performance. The main focus is:

- the level of reserves held by each school and the Trust as at the balance sheet date
- pupil numbers continuing to grow or remain constant
- the level of spend against the General Annual Grant (GAG) ensuring that each school and the central services do not exceed spend beyond its means; and
- maximizing potential income from trading activities.

As funding is based on pupil numbers, this is also a key performance indicator (KPI). Pupil numbers for 2019 were 2,313 including 183 arriving at our two new schools and 830 from two established local schools joining the Trust during the financial year. Our pupil numbers will grow again during 2020/21 with the addition of another local existing infant academy joining the Trust in December 2020.

The following KPI's were set at the start of the year:

KPI	Target	Actual	Kreston Reeves MAT Benchmark 2019
GAG carry forward ratio	10.52%	10.56%	3.5%
Total income per pupil	£4,978	£5,187	£6,340
Total GAG per pupil	£3,650	£3,638	£4,450
Ratio of GAG to total income	70.02%	66.53%	73%
Staff costs per pupil	£3,941	£3,912	£4,813
Ratio of staff costs to total costs	78.15%	78.77%	73.3%
Ratio of premises costs to total costs	0.85%	0.61%	2%
Surplus before depreciation as % of income	0.33%	5.82%	1%

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**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trust has performed well financially during 2019-20, despite the challenges presented by Covid-19. Our good results are reflected in the above KPI results. The addition of 4 new schools during the year has had positive impact on the Trust results. Despite losses made in self-generated income in some schools, we were able to make cost savings across all schools due to Covid-19 partial school closures. The majority of our schools managed to achieve an in-year surplus and we have maintained a healthy reserve position as a Trust. We should point out however, £158K of our closing reserves represents committed expenditure for 2020/21 resulting from unspent government grants, mostly due to Covid-19, which were awarded in 2019/20. The significant increase in the GAG carry forward ratio at the beginning of 2019/20 is in part accounted for £250K carried forward as unspent pre-opening grants relating to our new schools which opened in September 2019. We continue to fall short of the average amounts for both income and GAG income per pupil but would hope this would improve as schools funding moves away from the current soft national funding formula. Our ratio of GAG to total income continues to improve, despite a reduction in self-generated income which led to us not quite achieving our target this year. We would expect to achieve a higher ratio going forward with the opening of our two new schools which offer excellent lettings facilities, and the expansion of professional services provision to our wider schools' community. Our staff costs of £3,912 per pupil are lower than last year and lower than the average MAT cost of £4,813. In preparation for our new schools opening in September, we recruited senior leadership and administration staff for our new schools in early spring 2018/19. The pupils did not arrive until 2019/20, hence the inflation of staff costs per pupil in the previous year. It is fair to say we have significant pupil premium income across our Trust, some of which we allocate to employing experienced teachers leading our intervention provision. The Trust also has very experienced long serving members of staff who are at the top of their pay scales. One of our schools has extensive community facilities employing dedicated staff, the costs of which are included in the KPI calculation. As a result of all these factors, our ratio of staff costs to total costs remains approximately 5% higher than the average MAT. The maintenance cost of these community facilities is also included in the premises costs and we are pleased to report a reduction in our ratio of premises costs to total costs this year. We have achieved this whilst maintaining excellent and safe learning environments for our staff and pupils. We have a higher than average surplus before depreciation as a percentage of income, this is in part due to our two new schools joining with healthy reserves. We also continue to manage our budget efficiently, achieving best value, excellent quality of provision thus continuing to improve the learning outcomes for our pupils.

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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2020, the Academy received total income of £28,934,786 and incurred total expenditure of £10,301,899. The excess of income over expenditure for the year was £18,932,887. The excess of expenditure over income for the year excluding funds received on conversion of new schools was £733,468.

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**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

During the year, Catherine Wayte Primary School converted to an academy and joined the Trust on 1 December 2019 followed by Brook Field Primary School on May 1st 2020, the trust also opened to new schools, Badbury Park Primary School and William Morris Primary School. The Trust has recognised a donation on conversions/opening totalling £19,305,070 including fixed assets donated with a value of £19,669,390 and the balance of funds from the local authority of £432,680.

At 31 August 2020 the net book value of fixed assets was £30,949,019 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 30 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Reserves Policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

Trustees aim to maintain reserves to a level that will cover one month's salary commitments being £863,000. The trust is aware that it is likely to need additional reserves to cover unexpected costs or loss of income related to COVID-19 during the 20/21 year. Free reserves at 31 August 2020 are £1,169,357. The Trustees keep the level of free reserves under active review given the Trust's plans for growth and development.

At the end of the last financial year (2018/19) total reserves of the Trust amounted to £9,907,686, £9,362,407 of this was invested in fixed assets or represents non-GAG restricted funds. The remaining £545,279 represented £426,221 unrestricted funds and £119,058 unspent GAG.

Total reserves of the Trust for 2019/20 amount to £29,058,573, £27,889,216 of this is invested in fixed assets or represents non-GAG restricted funds. The remaining £1,169,357 (representing £863,903 unrestricted funds and £305,454 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect.

Due to the nature and timing of receipt of funding, the Trust may at times hold cash balances surplus to its short-term requirements. The Trustees have authorised the opening of additional short-term bank investment accounts to take advantage of higher interest rates. However, due to extremely low interest rates, no such investments were made during 2019/20 as no benefits were achievable. No other form of investment is authorised.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme.

Day to day management of the surplus funds is delegated to the CEO and Chief Finance Officer within strict guidelines approved by the Board of Trustees.

Principal Risks and Uncertainties

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Trust are as follows:

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 94.4% of the Trust's recurring incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc.

The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety, and discipline.

Staffing - the success of the Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Trust has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Trust Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is currently under review and will be updated on a regular basis.

The Trust is reviewing a Risk Management Strategy, a Risk Register, and a Risk Management Plan. These are being discussed by Trustees and include the financial risks to the Trust. The register and plan will be regularly reviewed in light of any new information such as COVID-19 and formally reviewed annually.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, teaching, facilities, COVID-19 and other operational areas.

- Impact of staff or pupils contracting COVID-19
- Loss of key roles for a significant period
- Additional cost centres introduced into our chart of accounts to assist in the monitoring additional costs relating to Covid-19 and the impact on reserves
- Close monitoring of self-generated income to be aware of any reductions and the impact on reserves

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees have implemented several systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk remains, they have ensured they have adequate insurance cover.

Fundraising

The Blue Kite Academy Trust aims to comply with the Guidelines and confirms its commitment to the principles set out in the Guidelines for Charitable Organisations on Fundraising from the Public for Charitable Organisations.

The Blue Kite Academy Trust's approach to fundraising is limited to requests for voluntary donations towards trips and events from stakeholders, made via newsletters or the school websites. The Trust does not work with any commercial or professional fundraisers and third-party fundraising is limited to the parent/teacher associations in individual schools, organising school fayres, discos and firework shows, although some of these activities were curtailed during the pandemic.

The Trust do not make intrusive or persistent approaches to anyone or apply undue pressure to donate. Any complaints regarding fundraising may be made via our complaints procedure and will be directed to the headteacher in the first instance.

Plans for Future Periods

Big enough to be secure, sustainable and offer high quality services but small enough to know all of our schools well.

The expanding MAT of this size will inspire greater collaboration and innovation, built on current good practice. The Blue Kite Academy Trust acknowledges the need for growth with an emphasis on working within our local communities and creating greater economies of scale to support learning in our schools. This will involve growing beyond our current five member schools but without diluting or losing what is special about our schools and Trust.

On 1 September 2019, the Trust opened two new schools: William Morris Primary and Nursery School and Badbury Primary and Nursery School. On 1 December 2019, Catherine Wayte Primary School converted to academy status and joined the Trust followed by Brook Field Primary School on 1 May 2020.

Blue Kite Academy Trust offers high quality teaching and learning. Sadly, there still remains too many schools with thousands of pupils who are not receiving the level of teaching and learning they deserve.

As well as growing the Trust we wish to expand upon the range and quality of services we offer our schools:

- Strengthen governance covering key skills at both director and LGB level. A new role has been created at the Trust being Head of Governance. Recruitment has taken place and the post holder will be joining us in October 2020.
- Manage the effective return to full time education provision for all staff and pupils post-Covid19.
- Secure school improvement and educational practice models with a view on sponsoring further schools in the future.
- Finance requires a restructure if we are going to meet the needs of all schools. It needs more effective capacity. The Trust has successfully recruited an additional finance assistant who will join us in November.
- We have appointed dedicated HR team to consisting of an HR Manager and HR assistant. They have already begun to align process and procedures across our schools.
- Further develop collaboration and closer alignment of key practices and procedures.
- Continue to broaden core offer for CPD through our Inspire program to ensure it meets the needs of all teaching and non-teaching staff.
- Refine and improve our Initial Teacher Training Program.
- Increase the opportunities for collaboration, networking, and the sharing of good practice. The Trust has been able to support schools within and outside of our Trust through very difficult times during this year because of the Covid19 pandemic.

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

- Expand outreach for Inclusion and SEMH through our Lighthouse service. The Trust has recruited four Parent Support Advisors who are now also supporting schools within and outside of our Trust.
- Increase capacity of staff and with that the range of support on offer to schools, including more specialised family support, speech and language and early help for families.

The 2020-2023 Strategic Development Plan outlines how the Trust intends to achieve these aims and will be reviewed regularly by Trustees. This will also ensure that resources can be allocated to maximum effect.

Funds Held as Custodian Trustee on Behalf of Others

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

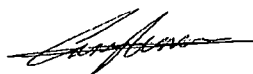
- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

The auditors, Bishop Fleming Bath Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the members of the Board of Trustees and signed on their behalf, by:



P Miller
Chair of Trustees
Date: 13 January 2021



G Evans
Accounting officer

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Blue Kite Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

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 6 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
G Evans, Chief Executive Officer	6	6
P Himple, Chair of Trustees, Chair of Finance, Personnel & Resources	6	6
J Hobbs, Chair of Education Standards & Strategy	0	3
H Brown	4	6
C Harris, Chair of Risk, Audit & Strategy	6	6
M Rachael	3	6
P Miller, Chair of Trustees from 26 November 2020 and Chair of Education Standards & Strategy from 6 November 2020	4	6

There have been the following changes to the board of trustees, during the year:

Mrs J Hobbs - resigned 11 February 2020

Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Trust by the use of budgets and other data, and making major decisions about the direction of the Trust, capital expenditure and staff appointments. The Directors are aware that they did not meet 6 times during the year but effective oversight of funds has been maintained. In addition to providing monthly management accounts to the Finance, Personnel and Resources sub-committee, the Deputy Chair also visits the Trust to meet with the CFO to undertake detailed reviews of the accounts. His findings are reported back to the Board.

Governance Review

The Trust Financial Management and Self-Assessment in May 2016 identified the priorities for the Trustees' Annual Action Plan. Trustees identified the need for a suite of comprehensive financial policies and controls reflecting the scheme of delegation for the trust, which is now primarily completed.

The Trustees continue to review and develop these policies and controls as the trust matures. Gaps in the Trustees skills base are being actively addressed by seeking Trustees with specific skills, predominantly finance and legal skills. Following on from a recent skills audit, we have been able to appoint three new trustees who will join the board in the new academic year. The skills gaps in finance has been addressed by the appointment of an accountant and a school business manager.

The Finance, Personnel and Resources Committee is a sub-committee of the main board of Trustees. Its purpose is to review the Annual Budget in detail and to make recommendations to the Board and review the Trust's internal and external financial statements and reports to ensure they reflect best practice. The Finance, Personnel and Resources Committee provides an extra level of scrutiny in the monitoring of risk assessment, internal controls and financial performance across the Trust and the performance of other central and support services and ensures personnel management procedures have been identified, formally approved and documented.

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Himple, Chair	2	2
Mrs H Brown	1	2
Mr C Harris	2	2
Mr G Evans	2	2
Mr M Rachel	2	2

The Risk, Audit and Strategy Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor the adequacy and effectiveness of the Trust's systems of internal control (including review of the statement of internal control) and its arrangements for risk management, fraud prevention and detection, control and governance processes and for securing economy, efficiency and effectiveness (value for money).

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs H Brown	0	2
Mr C Harris	2	2
Mr M Rachel	2	2

The Education Standards Committee is a sub-committee of the main Board of Trustees. Its purpose is to evaluate and review academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

As in-school audit of provision is carried out for each school joining the Trust. The Education Standards Committee will analyse data including RAISE online and OFSTED reports and assist in putting a support plan in place for schools graded below good. Good and outstanding academies will be encouraged to facilitate further development and engage in delivering school-to-school support.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr C Harris	5	6
Mr G Evans	6	6
Mrs P Miller	4	6
Mrs J Hobbs	2	5

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF VALUE FOR MONEY

As accounting officer, the Chief Executive Officer 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 Academy 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 appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Robust financial governance and budget management
- Value for money purchasing
- Reviewing controls and managing risk
- Not allocating time/resources to areas where few improvements can be achieved
- Making comparisons with similar Academies using data provided by the ESFA and the Government
- Challenging proposals and examining their effectiveness and efficiency
- Deploying staff effectively
- Reviewing quality curriculum provision and quality of teaching
- Reviewing quality of children's learning to enable children to achieve nationally expected progress
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Blue Kite Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of Trustees has reviewed the key risks to which the Academy 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 1 September 2019 to 31 August 2020 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

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

THE RISK AND CONTROL FRAMEWORK (CONTINUED)

- 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 appointed Bishop Fleming Bath Limited, the external auditors, to perform additional checks during the year.

The external auditors' 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 covered areas such as; income processes, payroll processes and IT.

On a semi-annual basis, the external auditors report to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

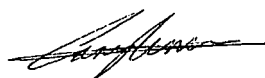
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee/finance 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 and signed on their behalf by:



P Miller
Chair of Trustees
Date: 13 January 2021



G Evans
Accounting Officer

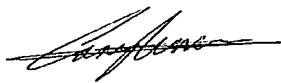
**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Blue Kite Academy Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, 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 2019.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all 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 2019.

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



G Evans
Accounting Officer
Date: 13 January 2021

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



P Miller
Chair of trustees
Date: 13 January 2021

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BLUE KITE ACADEMY TRUST**

OPINION

We have audited the financial statements of The Blue Kite Academy Trust (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BLUE KITE ACADEMY TRUST (CONTINUED)**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BLUE KITE ACADEMY TRUST (CONTINUED)**

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

Bishop Fleming Bath Limited

John Talbot FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

25 January 2021

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BLUE KITE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Blue Kite Academy Trust during the year 1 September 2019 to 31 August 2020 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 Blue Kite Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Blue Kite Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Blue Kite Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE BLUE KITE ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Blue Kite Academy Trust's funding agreement with the Secretary of State for Education dated 16 December 2015 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BLUE
KITE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bishop Fleming Bath Limited

John Talbot FCA (Reporting Accountant)
Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date: 25 January 2021

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:						
Donations and capital grants:	4					
On conversion		432,680	(797,000)	19,669,390	19,305,070	4,801,106
Other donations and capital grants		-	99,110	156,118	255,228	120,088
Charitable activities	5	473,580	8,698,874	-	9,172,454	5,828,863
Other trading activities	7	201,384	-	-	201,384	254,908
Investments	8	650	-	-	650	587
TOTAL INCOME		1,108,294	8,000,984	19,825,508	28,934,786	11,005,552
EXPENDITURE ON:						
Charitable activities	9	670,612	9,155,781	475,506	10,301,899	6,312,811
TOTAL EXPENDITURE		670,612	9,155,781	475,506	10,301,899	6,312,811
NET INCOME / (EXPENDITURE)		437,682	(1,154,797)	19,350,002	18,632,887	4,692,741
Transfers between funds	21	-	(164,530)	164,530	-	-
NET MOVEMENT IN FUNDS BEFORE GAINS / (LOSSES)		437,682	(1,319,327)	19,514,532	18,632,887	4,692,741
Actuarial gains/(losses) on defined benefit pension schemes	29	-	518,000	-	518,000	(1,006,000)
NET MOVEMENT IN FUNDS		437,682	(801,327)	19,514,532	19,150,887	3,686,741
RECONCILIATION OF FUNDS:						
Total funds brought forward		426,221	(2,000,419)	11,481,884	9,907,686	6,220,945
Net movement in funds		437,682	(801,327)	19,514,532	19,150,887	3,686,741
TOTAL FUNDS CARRIED FORWARD		863,903	(2,801,746)	30,996,416	29,058,573	9,907,686

The Statement of Financial Activities includes all gains and losses recognised in the year.

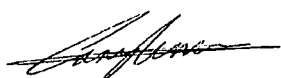
The notes on pages 31 to 64 form part of these financial statements.

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:09889819

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	16	30,949,019	11,481,884
CURRENT ASSETS			
Debtors	17	255,218	255,343
Cash at bank and in hand		1,789,052	973,132
		<u>2,044,270</u>	<u>1,228,475</u>
Creditors: amounts falling due within one year	18	(679,997)	(392,291)
NET CURRENT ASSETS		<u>1,364,273</u>	<u>836,184</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>32,313,292</u>	<u>12,318,068</u>
Creditors: amounts falling due after more than one year	19	(67,719)	(78,382)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>32,245,573</u>	<u>12,239,686</u>
Defined benefit pension scheme liability	29	(3,187,000)	(2,332,000)
TOTAL NET ASSETS		<u>29,058,573</u>	<u>9,907,686</u>
FUNDS OF THE ACADEMY TRUST			
Restricted funds:			
Fixed asset funds	21	30,996,416	11,481,884
Restricted income funds	21	385,254	331,581
		<u>31,381,670</u>	<u>11,813,465</u>
Restricted funds excluding pension asset	21	31,381,670	11,813,465
Pension reserve	21	(3,187,000)	(2,332,000)
Total restricted funds	21	<u>28,194,670</u>	<u>9,481,465</u>
Unrestricted income funds	21	<u>863,903</u>	<u>426,221</u>
TOTAL FUNDS		<u>29,058,573</u>	<u>9,907,686</u>

The financial statements on pages 28 to 64 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



G Evans
Accounting officer
Date: 13 January 2021

The notes on pages 31 to 64 form part of these financial statements.

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	23	337,199	142,214
CASH FLOWS FROM INVESTING ACTIVITIES	25	(116,483)	(75,541)
CASH FLOWS FROM FINANCING ACTIVITIES	24	595,204	303,961
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		815,920	370,634
Cash and cash equivalents at the beginning of the year		973,132	602,498
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26, 27	1,789,052	973,132

The notes on pages 31 to 64 form part of these financial statements

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. GENERAL INFORMATION

The Blue Kite Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Ferndale Primary and Nursery School, Wiltshire Avenue, Swindon, Wiltshire, SN2 1NX.

2. ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Blue Kite Academy Trust meets the definition of a public benefit entity under FRS 102.

2.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES (continued)

2.3 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 year is deducted from income and recognised as a liability.

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

- **Donations**

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

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

2.4 EXPENDITURE

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

- **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.

All resources expended are inclusive of irrecoverable VAT.

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. ACCOUNTING POLICIES (continued)

2.5 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.6 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Depreciation is provided on the following bases:

Leasehold property	- 50 - 125 years straightline
Leasehold improvements	- 25 years straightline
Furniture and equipment	- 5 years straightline
Computer equipment	- 4 years straightline
Motor vehicles	- 5 years straightline

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

On conversion the academy trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

2.7 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES (continued)

2.8 CASH AT BANK AND IN HAND

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

2.9 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.

2.10 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at fair value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

2.11 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2. ACCOUNTING POLICIES (continued)

2.12 PENSIONS

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy 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.

2.13 CONVERSION TO AN ACADEMY TRUST

The conversion from of a state maintained school to the Academy Trust involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below..

The assets and liabilities transferred on conversion from the Local Authority to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transactions in the year are set out in note 28.

**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. ACCOUNTING POLICIES (continued)

2.14 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 funders where the asset acquired or created is held for a specific purpose.

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

Investment income, gains and losses are allocated to the appropriate fund.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

The Academy Trust has assessed the fair value of the assets on conversion for schools joining the MAT by reference to all available information such as recent building valuations and inspections, historic build costs, the age of the building and valuations placed on similar properties in the area.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
DONATIONS					
Transfer on conversion	432,680	(797,000)	19,669,390	19,305,070	4,801,106
Other donations	-	99,110	-	99,110	43,495
Capital Grants	-	-	156,118	156,118	76,593
SUBTOTAL	-	99,110	156,118	255,228	120,088
TOTAL 2020	432,680	(697,890)	19,825,508	19,560,298	4,921,194
TOTAL 2019	207,671	(176,855)	4,890,378	4,921,194	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Education	82,884	8,694,109	8,776,993	5,552,024
Nursery	390,696	4,765	395,461	276,839
TOTAL 2020	473,580	8,698,874	9,172,454	5,828,863
TOTAL 2019	424,572	5,404,291	5,828,863	

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

6. FUNDING FOR THE ACADEMY TRUST'S EDUCATION

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA GRANTS				
General Annual Grant	-	6,766,451	6,766,451	3,901,887
MAT growth grants	-	240,678	240,678	135,000
Other DfE/ESFA Grants	-	1,254,998	1,254,998	644,482
	-	8,262,127	8,262,127	4,681,369
Other Government Grants				
High Needs	-	423,829	423,829	285,596
Other government grants non capital	-	6,999	6,999	437,052
	-	430,828	430,828	722,648
Other Funding				
Internal catering income	64,284	-	64,284	73,584
Sales to students	-	1,154	1,154	274
Other	18,600	-	18,600	74,149
	82,884	1,154	84,038	148,007
TOTAL 2020	82,884	8,694,109	8,776,993	5,552,024
TOTAL 2019	147,733	5,404,291	5,552,024	

7. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Lettings	60,760	60,760	55,083
Consultancy	1,006	1,006	3,882
School clubs	133,518	133,518	190,218
Other	6,100	6,100	5,725
TOTAL 2020	201,384	201,384	254,908
TOTAL 2019	254,908	254,908	

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	650	650	587

9. EXPENDITURE

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
EDUCATION:					
Direct costs	6,407,488	381,940	202,021	6,991,449	4,165,029
Allocated support costs	1,606,701	394,271	951,736	2,952,708	1,907,628
NURSERY:					
Direct costs	317,336	22,283	1,426	341,045	234,095
Allocated support costs	3,252	11,068	2,377	16,697	6,059
TOTAL 2020	8,334,777	809,562	1,157,560	10,301,899	6,312,811
TOTAL 2019	5,013,912	443,168	855,731	6,312,811	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Education	6,991,449	2,952,708	9,944,157	6,072,657
Nursery	341,045	16,697	357,742	240,154
TOTAL 2020	7,332,494	2,969,405	10,301,899	6,312,811
TOTAL 2019	4,399,124	1,913,687	6,312,811	

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of direct costs

	Education 2020 £	Nursery 2020 £	Total funds 2020 £	Total funds 2019 £
Pension income	58,000	-	58,000	31,000
Staff costs	6,328,488	317,336	6,645,824	3,922,873
Depreciation	381,940	22,283	404,223	220,020
Educational supplies	120,881	1,426	122,307	102,550
Staff development	31,215	-	31,215	27,501
Other costs	69,989	-	69,989	93,696
Technology costs	936	-	936	1,484
TOTAL 2020	6,991,449	341,045	7,332,494	4,399,124
TOTAL 2019	4,165,029	234,095	4,399,124	

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Education 2020 £	Nursery 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	1,685,701	3,252	1,688,953	1,091,039
Depreciation	71,270	13	71,283	61,193
Recruitment and support	10,399	-	10,399	10,377
Maintenance of premises and equipment	136,079	1,671	137,750	86,723
Cleaning	64,153	2,819	66,972	24,549
Rent and rates	51,046	1,304	52,350	38,720
Energy costs	79,745	6,565	86,310	49,828
Insurance	39,038	-	39,038	28,344
Security and transport	28,853	-	28,853	16,693
Catering	150,687	654	151,341	109,742
Technology costs	51,877	258	52,135	35,024
Office overheads	84,164	-	84,164	73,746
Legal and professional	499,417	161	499,578	286,853
Bank interest and charges	279	-	279	856
TOTAL 2020	2,952,708	16,697	2,969,405	1,913,687
TOTAL 2019	1,907,628	6,059	1,913,687	

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	15,472	7,802
Depreciation of tangible fixed assets	518,251	281,213
Fees paid to auditors for:		
- audit	14,750	12,500
- other services	4,950	3,750

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

12. STAFF

a. STAFF COSTS

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	5,955,026	3,811,744
Social security costs	450,515	298,676
Pension costs	1,881,791	886,195
	<u>8,287,332</u>	<u>4,996,615</u>
Supply teacher costs	47,445	17,297
	<u><u>8,334,777</u></u>	<u><u>5,013,912</u></u>

Staff restructuring costs comprise:

	2020 £	2019 £
Redundancy payments	-	18,994
Severance payments	-	6,834
Other restructuring costs	-	420
	<u>-</u>	<u>26,248</u>

b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2019: £18,994).

c. STAFF NUMBERS

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

	2020 No.	2019 No.
Teachers	104	60
Educational Support	221	131
Administration	28	21
Management	20	15
	<u><u>373</u></u>	<u><u>227</u></u>

THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

12. STAFF (CONTINUED)

c. STAFF NUMBERS (CONTINUED)

The average headcount expressed as full-time equivalents was:

	2020	2019
	No.	No.
Teachers	87	47
Educational Support	119	77
Administration	20	14
Management	18	13
	244	151

d. HIGHER PAID STAFF

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	2	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	1	-

Annual employer's contributions of £77,896 (2019: £14,815) are payable to the Teachers' Pension Scheme (TPS) in respect of the above employees.

e. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £415,997 (2019 £271,982).

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13. CENTRAL SERVICES

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

- Skills based board of directors
- CEO
- Chief Operating Officer & Chief Finance Officer
- Finance Manager and finance team support
- Estates Manager & Premises support
- Head of People and Culture
- Legal support
- Audit
- HR Admin & Payroll
- HR Consultancy
- Pensions Support
- Employee Wellbeing support
- Safeguarding Support
- Governance Support
- Compliance Support

The Academy Trust charges for these services on the following basis:

The services have been charged equally between the academies in the trust.

The actual amounts charged during the year were as follows:

	2020 £	2019 £
Abbey Meads Community Primary School	92,774	53,080
Badbury Park Primary and Nursery School	67,042	-
Brook Field Primary School	33,088	-
Catherine Wayte Primary School	63,203	-
Ferndale Primary School & Nursery	110,691	92,888
Ruskin Junior School	144,024	92,888
William Morris Primary and Nursery School	46,542	-
TOTAL	557,364	238,856

14. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: G Evans: Remuneration £105,000 - £110,000 (2019: £85,000 - £90,000), Employer's Pension Contributions £25,000 - £30,000 (2019: £10,000 - £15,000).

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15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect 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. The cost of this insurance is included in the total insurance cost. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

16. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Short-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
COST OR VALUATION						
At 1 September 2019	11,085,000	831,683	88,326	127,093	2,808	12,134,910
Additions	-	84,544	108,318	80,389	-	273,251
On acquisition of subsidiaries	19,669,390	-	-	-	-	19,669,390
At 31 August 2020	30,754,390	916,227	196,644	207,482	2,808	32,077,551
DEPRECIATION						
At 1 September 2019	484,199	62,913	37,200	66,535	2,179	653,026
Charge for the year	342,573	36,618	41,228	54,458	629	475,506
At 31 August 2020	826,772	99,531	78,428	120,993	2,808	1,128,532
NET BOOK VALUE						
At 31 August 2020	29,927,618	816,696	118,216	86,489	-	30,949,019
At 31 August 2019	10,600,801	768,770	51,126	60,558	629	11,481,884

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17. DEBTORS

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Trade debtors	13,892	83,758
Other debtors	18,535	31,551
Prepayments and accrued income	222,791	140,034
	255,218	255,343

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Equal pay loan	7,156	7,125
Trade creditors	38,211	39,906
Other taxation and social security	141,641	92,377
Other creditors	183,540	95,497
Accruals and deferred income	309,449	157,386
	679,997	392,291

	2020 £	2019 £
Deferred income at 1 September 2019	109,911	115,568
Resources deferred during the year	187,205	109,911
Amounts released from previous periods	(109,911)	(115,568)
	187,205	109,911

At the balance sheet date the Academy was holding ESFA and local authority grants received in advance for the 2020/21 academic year.

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19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Equal pay loan	<u>67,719</u>	<u>78,382</u>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2020 £	2019 £
Payable or repayable by instalments	<u>40,631</u>	<u>49,881</u>

To ensure all staff within Swindon school's were on equal pay the local authority performed a pre-conversion pay review. This review established that certain staff in the School were owed additional pay, which was settled by the local authority on behalf of the School. The Academy Trust is required to repay this debt, however the local authority have the right to reconsider the amount owed. A loan was transferred to the Academy Trust on conversion, at the year end £74,875 (2019: £85,507) remains outstanding. The loan is unsecured and is being repaid by installments with 11 years remaining, at an interest rate of 4.93%.

20. FINANCIAL INSTRUMENTS

	2020 £	2019 £
FINANCIAL ASSETS		
Financial assets measured at fair value through income and expenditure	<u>1,789,052</u>	<u>973,132</u>

Financial assets measured at fair value through income and expenditure comprise Cash at bank and in hand.

THE BLUE KITE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
UNRESTRICTED FUNDS						
General Funds	373,354	748,432	(335,102)	-	-	786,684
Nursery	52,867	359,862	(335,510)	-	-	77,219
	<u>426,221</u>	<u>1,108,294</u>	<u>(670,612)</u>	<u>-</u>	<u>-</u>	<u>863,903</u>
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	119,058	6,766,451	(6,502,824)	(77,231)	-	305,454
High needs funding	-	267,349	(267,349)	-	-	-
Pupil premium	-	449,374	(449,374)	-	-	-
Condition Improvement Fund	3,447	-	-	(3,447)	-	-
UIFSM	-	209,367	(186,996)	-	-	22,371
PE & Sport Grant	23,698	80,043	(37,646)	-	-	66,095
Teachers' pension & pay grant	-	364,178	(364,178)	-	-	-
Other ESFA income	-	386,334	(386,334)	-	-	-
LA pre-opening grant	270,885	-	(116,964)	(83,852)	-	70,069
Other LA Income	-	168,244	(168,244)	-	-	-
Other Restricted Income	-	106,644	(106,644)	-	-	-
Equal Pay Loan	(85,507)	-	6,772	-	-	(78,735)
Pension reserve	(2,332,000)	(797,000)	(576,000)	-	518,000	(3,187,000)
	<u>(2,000,419)</u>	<u>8,000,984</u>	<u>(9,155,781)</u>	<u>(164,530)</u>	<u>518,000</u>	<u>(2,801,746)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	10,632,185	19,669,390	(436,351)	-	-	29,865,224
Fixed assets purchased from GAG and other restricted funds	195,432	-	(9,136)	-	-	186,296
Fixed assets purchased from DfE/ESFA Capital grants	654,267	-	(30,019)	273,251	-	897,499

THE BLUE KITE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Devolved formula capital	-	35,107	-	(30,396)	-	4,711
Other LA capital grants	-	121,011	-	(78,325)	-	42,686
	<u>11,481,884</u>	<u>19,825,508</u>	<u>(475,506)</u>	<u>164,530</u>	<u>-</u>	<u>30,996,416</u>
TOTAL RESTRICTED FUNDS	<u>9,481,465</u>	<u>27,826,492</u>	<u>(9,631,287)</u>	<u>-</u>	<u>518,000</u>	<u>28,194,670</u>
TOTAL FUNDS	<u>9,907,686</u>	<u>28,934,786</u>	<u>(10,301,899)</u>	<u>-</u>	<u>518,000</u>	<u>29,058,573</u>

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

RESTRICTED FUNDS

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Condition Improvement Fund - Funding from the ESFA to cover specific capital projects which the Academy has successfully been awarded money towards.

Universal Infant Free School Meals (UIFSM) - Funding from the ESFA to contribute to the costs of providing free school meals to children in Reception, Year 1 and Year 2.

PE & Sport Grant - Funding received from the ESFA and must be used to fund improvements to the provision of PE and sport, for the benefit of primary aged pupils, so that they develop healthy lifestyles.

Teachers' Pension Grant - Funding from Local Authorities to support schools with the cost of the increase in employer contributions to the Teachers' Pension Scheme from September 2019.

Other ESFA - Other funding received from the ESFA in relation to rates relief and teachers pay grant.

LA pre-opening grant - Funding received from the local authority to employ appropriate staff, procure equipment and education supplies for new schools opening within the trust.

Other LA income includes Local Authority Pupil Premium funding for further support for students that fall within the remit of Pupil premium disclosed above.

Other restricted funds includes parental contributions for educational visits and other restricted donations made to the academy. The funds have been spent in full for the purpose for which they had been received

**THE BLUE KITE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (CONTINUED)

at the year end.

Nursery - Funding from the Local Authority in respect of nursery students with additional needs.

The Equal Pay Loan - Amounts due to Swindon Unitary Authority and arose to fund the salaries paid to certain employees following disputes on equal pay.

Pension Reserve - The defined benefit pension scheme fund represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

FIXED ASSET FUNDS

Fixed assets brought forward represent tangible fixed assets donated to the School from the Local Authority on conversion to an Academy.

Fixed assets purchased from GAG represent capital expenditure from GAG funding.

DfE/ESFA Capital grants relate to funds received for direct capital expenditure on fixed asset projects.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

THE BLUE KITE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21. STATEMENT OF FUNDS (CONTINUED)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Ferndale Primary and Nursery School	125,992	19,887
Ruskin Junior School	52,252	155,344
Abbey Meads Community Primary School	246,209	311,746
Badbury Park Primary School	130,507	-
William Morris Primary School	103,800	-
Catherine Wayte Primary School	311,162	-
Brook Field Primary School	184,305	-
The Blue Kite Academy Trust	94,930	270,825
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,249,157	757,802
Restricted fixed asset fund	30,996,416	11,481,884
Pension reserve	(3,187,000)	(2,332,000)
	<hr/>	<hr/>
TOTAL	29,058,573	9,907,686
	<hr/> <hr/>	<hr/> <hr/>

The reserves of the central Blue Kite Academy Trust are enhanced by unspent LA pre-opening grant funding of £70,069 (2019: £270,885), this funding will be utilised in future years as these new schools open and pupil numbers increase. The reserves of Ferndale School were enhanced by unspent condition improvement funding of £Nil (2019: £3,447).

THE BLUE KITE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (CONTINUED)

TOTAL COST ANALYSIS BY ACADEMY

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Ferndale Primary and Nursery School	1,489,132	294,318	30,335	248,262	2,062,047	2,084,974
Ruskin Junior School	1,307,356	184,203	22,721	219,189	1,733,469	1,679,528
Abbey Meads Community Primary School	1,681,509	377,803	40,333	256,327	2,355,972	1,501,279
Badbury Park Primary School	159,031	45,883	5,761	43,052	253,727	-
William Morris Primary School	154,805	70,098	5,659	96,648	327,210	-
Catherine Wayte Primary School	939,998	100,620	11,875	167,835	1,220,328	-
Brook Field Primary School	428,692	59,333	5,619	58,021	551,665	-
The Blue Kite Academy Trust	485,301	556,695	-	279,979	1,321,975	765,817
ACADEMY TRUST	6,645,824	1,688,953	122,303	1,369,313	9,826,393	6,031,598

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS						
General Funds	237,294	610,899	(474,839)	-	-	373,354
Nursery	-	276,839	(223,972)	-	-	52,867
	<u>237,294</u>	<u>887,738</u>	<u>(698,811)</u>	<u>-</u>	<u>-</u>	<u>426,221</u>
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	71,283	3,901,887	(3,838,080)	(16,032)	-	119,058
MAT growth funding	-	135,000	(135,000)	-	-	-
High needs funding	-	282,755	(282,755)	-	-	-
Pupil premium	-	376,011	(376,011)	-	-	-
Devolved formula capital	-	76,593	(3,227)	(73,366)	-	-
Condition Improvement Fund	74,423	-	-	(70,976)	-	3,447
UIFSM	-	111,886	(111,886)	-	-	-
PE & Sport Grant	9,164	52,357	(37,823)	-	-	23,698
Teachers' pension & pay grant	-	104,228	(104,228)	-	-	-
LA pre-opening grant	-	437,993	(167,108)	-	-	270,885
Other ESFA income	-	1,900	(1,900)	-	-	-
Other Restricted Income	-	43,769	(43,769)	-	-	-
Equal Pay Loan	(66,217)	(26,943)	-	7,653	-	(85,507)
Pension reserve	(825,000)	(270,000)	(231,000)	-	(1,006,000)	(2,332,000)
	<u>(736,347)</u>	<u>5,227,436</u>	<u>(5,332,787)</u>	<u>(152,721)</u>	<u>(1,006,000)</u>	<u>(2,000,419)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	5,936,267	4,890,378	(194,460)	-	-	10,632,185

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21. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Fixed assets purchased from GAG and other restricted funds	185,189	-	(20,499)	30,742	-	195,432
Fixed assets purchased from DfE/ESFA Capital grants	598,542	-	(66,254)	121,979	-	654,267
	<u>6,719,998</u>	<u>4,890,378</u>	<u>(281,213)</u>	<u>152,721</u>	<u>-</u>	<u>11,481,884</u>
TOTAL RESTRICTED FUNDS	<u>5,983,651</u>	<u>10,117,814</u>	<u>(5,614,000)</u>	<u>-</u>	<u>(1,006,000)</u>	<u>9,481,465</u>
TOTAL FUNDS	<u><u>6,220,945</u></u>	<u><u>11,005,552</u></u>	<u><u>(6,312,811)</u></u>	<u><u>-</u></u>	<u><u>(1,006,000)</u></u>	<u><u>9,907,686</u></u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	30,949,019	30,949,019
Current assets	863,903	1,132,970	47,397	2,044,270
Creditors due within one year	-	(679,997)	-	(679,997)
Creditors due in more than one year	-	(67,719)	-	(67,719)
Provisions for liabilities and charges	-	(3,187,000)	-	(3,187,000)
TOTAL	<u><u>863,903</u></u>	<u><u>(2,801,746)</u></u>	<u><u>30,996,416</u></u>	<u><u>29,058,573</u></u>

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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	11,481,884	11,481,884
Current assets	426,221	802,254	-	1,228,475
Creditors due within one year	-	(392,291)	-	(392,291)
Creditors due in more than one year	-	(78,382)	-	(78,382)
Provisions for liabilities and charges	-	(2,332,000)	-	(2,332,000)
TOTAL	426,221	(2,000,419)	11,481,884	9,907,686

23. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	18,632,887	4,692,741
ADJUSTMENTS FOR:		
Depreciation	475,506	281,213
Capital grants from DfE and other capital income	(156,118)	(76,593)
Interest receivable	(650)	(587)
Defined benefit pension scheme cost less contributions payable	518,000	200,000
Defined benefit pension scheme finance cost	58,000	31,000
Decrease in debtors	73,320	15,881
Increase/(decrease) in creditors	41,324	(200,335)
Net assets on conversion	(19,305,070)	(4,801,106)
NET CASH PROVIDED BY OPERATING ACTIVITIES	337,199	142,214

24. CASH FLOWS FROM FINANCING ACTIVITIES

	2020 £	2019 £
Cash inflows on conversion	595,204	303,961
NET CASH PROVIDED BY FINANCING ACTIVITIES	595,204	303,961

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NOTES TO THE FINANCIAL STATEMENTS
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25. CASH FLOWS FROM INVESTING ACTIVITIES

	2020 £	2019 £
Interest received	650	587
Purchase of tangible fixed assets	(273,251)	(152,721)
Capital grants from DfE Group	156,118	76,593
NET CASH USED IN INVESTING ACTIVITIES	(116,483)	(75,541)

26. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	1,789,052	973,132
TOTAL CASH AND CASH EQUIVALENTS	1,789,052	973,132

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £	Cash flows £	Other non- cash changes £	At 31 August 2020 £
Cash at bank and in hand	973,132	815,920	-	1,789,052
Debt due within 1 year	(7,125)	10,632	(10,663)	(7,156)
Debt due after 1 year	(78,382)	-	10,663	(67,719)
	887,625	826,552	-	1,714,177

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NOTES TO THE FINANCIAL STATEMENTS
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28. CONVERSION TO AN ACADEMY TRUST

On 1 December 2019 Catherine Wayte Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Blue Kite Academy Trust from Swindon Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
TANGIBLE FIXED ASSETS				
Leasehold land and buildings	-	-	4,978,000	4,978,000
CURRENT ASSETS				
Cash	372,657	-	-	372,657
Other current assets	27,727	-	-	27,727
CURRENT LIABILITIES				
Other current liabilities	(131,609)	-	-	(131,609)
NON-CURRENT LIABILITIES				
LGPS pension deficit	-	(398,500)	-	(398,500)
NET ASSETS/(LIABILITIES)	<u>268,775</u>	<u>(398,500)</u>	<u>4,978,000</u>	<u>4,848,275</u>

Of the £4,978,000 Leasehold land and buildings above, £1,640,100 relates to land held under a 125 year lease agreement.

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28. CONVERSION TO AN ACADEMY TRUST (CONTINUED)

On 1 May 2020 Brook Field Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Blue Kite Academy Trust from Swindon Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
TANGIBLE FIXED ASSETS				
Leasehold land and buildings	-	-	4,652,000	4,652,000
CURRENT ASSETS				
Cash	222,547	-	-	222,547
Other current assets	45,469	-	-	45,469
CURRENT LIABILITIES				
Other current liabilities	(104,110)	-	-	(104,110)
NON-CURRENT LIABILITIES				
LGPS pension deficit	-	(398,500)	-	(398,500)
NET ASSETS/(LIABILITIES)	163,906	(398,500)	4,652,000	4,417,406

Of the £4,652,000 Leasehold land and buildings above, £999,750 relates to land held under a 125 year lease agreement.

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28. CONVERSION TO AN ACADEMY TRUST (CONTINUED)

On 1 September 2019 the trust opened a new school, William Morris Primary and Nursery School.

On this date all assets and liabilities were transferred to The Blue Kite Academy Trust from Swindon Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

As William Morris Primary and Nursery School is a new build school and it has no prior trade it has no deficit on local government pension scheme or accumulated funds to recognise other than the gift of the new build school building. The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Restricted fixed asset funds £	Total funds £
TANGIBLE FIXED ASSETS		
Leasehold land and buildings	8,389,390	8,389,390
NET ASSETS	<u>8,389,390</u>	<u>8,389,390</u>

Of the £8,389,390 Leasehold land and buildings above, £2,089,390 relates to land held under a 125 year lease agreement.

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28. CONVERSION TO AN ACADEMY TRUST (CONTINUED)

On 1 September 2019 the trust opened a new school, Badbury Park Primary School.

On this date all assets and liabilities were transferred to The Blue Kite Academy Trust from Swindon Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

As Badbury Park Primary School is a new build school and it has no prior trade it has no deficit on local government pension scheme or accumulated funds to recognise other than the gift of the new build school building, as the building under construction was under the ownership of the Local Authority at year end. The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Restricted fixed asset funds £	Total funds £
TANGIBLE FIXED ASSETS		
Freehold land and buildings	1,650,000	1,650,000
NET ASSETS	<u>1,650,000</u>	<u>1,650,000</u>

The construction of the new build school for Badbury Park was not completed until after the year end and as such has not been recognised within these financial statements. The £1,650,000 relates to land held under a 125 year lease agreement.

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29. PENSION COMMITMENTS

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 Wiltshire Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2019 and of the LGPS 31 March 2019.

Contributions amounting to £182,242 were payable to the schemes at 31 August 2020 (2019 - £94,548) and are included within creditors.

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2019. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £844,066 (2019 - £351,843).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

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29. PENSION COMMITMENTS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £644,000 (2019 - £393,000), of which employer's contributions totalled £518,000 (2019 - £312,000) and employees' contributions totalled £ 126,000 (2019 - £81,000). The agreed contribution rates for future years are 23.8 per cent for employers and 5.5 - 12.5 per cent for employees.

As described in note 28 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	2.6	2.6
Rate of increase for pensions in payment / inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.9

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

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	21.7	21.4
Females	24	23.7
<i>Retiring in 20 years</i>		
Males	22.5	22.3
Females	25.5	25.1

The Academy Trust's share of the assets in the scheme was:

	2020 £	2019 £
Equities	3,040,000	2,342,000
Corporate bonds	1,737,000	462,000
Property	652,000	429,000
Cash and other liquid assets	-	65,000
Total	5,429,000	3,298,000

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29. PENSION COMMITMENTS (CONTINUED)

The actual return on scheme assets was £69,258 (2019 - £134,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £	2019 £
Current service cost	(1,036,000)	(489,000)
Past service cost	-	(23,000)
Interest income	83,000	75,000
Interest cost	(141,000)	(106,000)
TOTAL	(1,094,000)	(543,000)

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

	2020 £	2019 £
AT 1 SEPTEMBER	5,630,000	2,925,000
Conversion of academy trusts	2,099,000	884,000
Current service cost	1,036,000	489,000
Interest cost	141,000	106,000
Employee contributions	126,000	81,000
Actuarial losses / (gains)	(460,000)	1,160,000
Benefits paid	44,000	(38,000)
Past service cost	-	23,000
AT 31 AUGUST	8,616,000	5,630,000

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

	2020 £	2019 £
AT 1 SEPTEMBER	3,298,000	2,100,000
Conversion of academy trusts	1,302,000	614,000
Interest income	83,000	75,000
Actuarial gains	58,000	154,000
Employer contributions	518,000	312,000
Employee contributions	126,000	81,000
Benefits paid	44,000	(38,000)
AT 31 AUGUST	5,429,000	3,298,000

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30. OPERATING LEASE COMMITMENTS

At 31 August 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	28,972	10,972
Later than 1 year and not later than 5 years	28,972	10,972
Later than 5 years	34,458	27,431
	<u>92,402</u>	<u>49,375</u>

31. MEMBERS' LIABILITY

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

32. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 14.

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.