

**Registered number: 07542155 (England and Wales)**

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2018**



**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

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**The Tenax Schools Trust**  
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**Reference and Administrative Details**  
**For the Year Ended 31 August 2018**

**Members**

Lady (Jacqueline) Evans  
Lord Bishop of Rochester (currently The Right Reverend James Langstaff)  
Archdeacon of Tonbridge (currently The Venerable Julie Conalty, from 24 September 2017)  
Rural Dean of Tunbridge Wells (currently Reverend Douglas Wren, from April 2018 and previously Canon James Stewart)  
The Chichester Diocesan Board of Education (currently represented by Reverend Dr Edward Dowler, Archdeacon of Hastings)

**Trustees**

Mr Ian Bauckham CBE, CEO  
Mr John Constanti (resigned 8 February 2018)<sup>1,4</sup>  
Lady (Jacqueline) Evans, Chair<sup>2,4</sup>  
Mr David Godfrey<sup>1,3</sup>  
Mr David Ralph JP<sup>1,3,4</sup>  
Ms Cherie Sargent<sup>2,4</sup>  
Mrs Kate York  
Mr Andrew Cunningham<sup>3,4</sup>  
Mr Matthew Bedford<sup>1</sup>  
Canon Dr (Kathleen) Ann Holt OBE (resigned 28 September 2018)<sup>2,3</sup>  
Mr Simon Curtis (appointed 28 March 2018)  
Mr James Shaw Hamilton (appointed 28 March 2018)

- <sup>1</sup> Member of Finance & Audit Committee
- <sup>2</sup> Member of Standards Committee
- <sup>3</sup> Members of SCITT Governance Committee
- <sup>4</sup> Members of Pay & HR Committee

**Company registered number**

07542155

**Company name**

The Tenax Schools Trust

**Principal and registered office**

Bennett Memorial Diocesan School, Culverden Down, Tunbridge Wells, Kent, TN4 9SH

**Company secretary**

Mrs Catherine Dottridge

**Chief executive officer**

Mr Ian Bauckham CBE

**Executive group**

Mr Ian Bauckham, Chief Executive Officer/Accounting Officer  
Mrs Catherine Dottridge, Chief Financial Officer  
Mrs Rachel Green, Primary Lead Headteacher  
Mr Jon Sparke, Secondary Headteacher

**The Tenax Schools Trust**  
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**Reference and Administrative Details of the Academy Trust, its Trustees and Advisers**  
**For the Year Ended 31 August 2018**

**Advisers (continued)**

**Independent auditors**

Kreston Reeves LLP, 37 St Margaret's Street, Canterbury, Kent, CT1 2TU

**Solicitors**

Lee Bolton Monier Williams, 1 The Sanctuary, Westminster, London, SW1P 3JT

Stone King LLP, 91 Charterhouse Street, London, EC1M 6HR

**Bankers**

Lloyds Bank plc, 82 Mount Pleasant Road, Tunbridge Wells, TN1 1RP

**Headteachers**

Mr Matthew Clark (West Malling CE Primary School)

Mrs Jane Mallon (Head of School, Brenchley & Matfield CE Primary School)

Mrs Tina Holditch (Leybourne Ss Peter and Paul CE Primary School)

Mr Jon Sparke (Bennett Memorial Diocesan Secondary School)

Mr Richard Sutton Smith (Sir Henry Fermor CE Primary School) until 1 September 2018

Mrs Jacqueline Zadeh (Jarvis Brook Primary School)

Mrs Donna Weeks (Bishop Chavasse CE Primary School)

Mrs Sacha Strand (Sir Henry Fermor CE Primary School) from 1 September 2018

**The Tenax Schools Trust**  
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**Trustees' Report**  
**For the Year Ended 31 August 2018**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Tenax Schools Trust is a Church of England Multi Academy Trust that exists to provide outstanding education in both primary and secondary schools in Kent and East Sussex. The Trust had a combined pupils on roll of 2,975 as at census date October 2018.

School Name	No on roll – Census Oct 2018	
Bennett Memorial Diocesan Secondary School	1,644	Founding School - 1 September 2015
Bishop Chavasse CE Primary School	97	New Free School - opened 1 September 2017
Brenchley & Matfield CE Primary School	173	Converted 1 May 2016
Jarvis Brook Primary School	171*	Converted 1 March 2017
Leybourne St Peter and Paul CE Primary School	209	Converted 1 March 2017
Sir Henry Fernor CE Primary School	372	Converted 1 April 2016
West Malling CE Primary School	212	Joined 1 September 2017
Fordcombe CE Primary School	97	Joined 1 October 2018

*\*Plus a further 28 pupils in the pre-school.*

**Structure, governance and management**

**a. Constitution**

The Academy Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's articles of association are the primary governing documents of the Academy Trust.

The Trustees of The Tenax Schools Trust are also the directors of the charitable company for the purpose of company law. The charitable company is known as The Tenax Schools Trust.

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

**b. Members' liability**

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

**c. Method of recruitment and appointment or election of Trustees**

Recruitment and appointment of Trustees is as set out in the Tenax Schools Trust's Articles of Association and its Governance Plan. The members of the Tenax Schools Trust have appointed 10 trustees.

**d. Policies and procedures adopted for the induction and training of Trustees**

New Trustees receive an induction and all Trustees partake in an annual programme of training and development.

**The Tenax Schools Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

**e. Arrangements for setting pay and remuneration of key management personnel**

The Board of Trustees annually review and agree a Pay Policy for the Trust with regards to setting key management personnel pay. All arrangements for setting pay and remuneration are overseen by the Trust's Pay & HR Committee with pay decisions determined on the basis of evidence supporting performance outcomes.

**f. Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
6	5.8

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	4
1%-50%	1
51%-99%	
100%	1

**Percentage of pay bill spent on facility time**

Provide the total cost of facility time	£4,233
Provide the total pay bill	£7,780,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.054

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0% 1271.5 hours
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**The Tenax Schools Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

**g. Organisational structure**

Our governance structure and arrangements, including roles and responsibilities, are set out in our Governance Plan. The Board is accountable for all aspects of the Trust's work and monitors the performance of the schools through full Board of Trustees meetings held at least six times per year.

There are two committees of the Board of Trustees for monitoring the financial and educational performance: The Finance and Audit Committee and the Standards Committee. Each has a Terms of Reference, including details of delegation where applicable, and which is reviewed annually by the Board of Trustees:

The Finance and Audit Committee has the strategic oversight of all matters related to Audit, Finance & Capital Assets. The Committee seeks to: monitor internal scrutiny and the delivering of objectives, provide independent assurance over the suitability and compliance of financial systems and operational controls, and ensure that the Trust is operating within the Funding Agreement and in line with the Academies Financial Handbook. To assist fulfilling the Board's responsibility and decision making and, the Committee enables more detailed consideration for ensuring sound management of finances and capital assets, including proper planning, monitoring and probity.

The Standards Committee acts as a scrutiny committee to assist the Board in discharging its standards related accountabilities. The role of this Committee is to ensure annual school improvement plans contain appropriately challenging targets on achievement and attendance for each school, to test the reliability and validity of monitoring information on end of Key Stage pupil performance. Where necessary to prevent underperformance it challenges headteachers, via the CEO, to propose and implement interventions and improvements, or challenges LGBs to discharge their responsibilities on standards more effectively.

In addition there is a Pay (and HR from September 2018) Committee and further committees for specific purposes.

Each school in the Trust has a local governing body (LGB) which is accountable to the Board of Trustees. This will comprise in each case: The headteacher (ex officio), one further elected staff local governor (term: 3 years), two elected parent governors (term: 3 years); five or more governors appointed by the Trust Board (who may include trustees or employees from other schools in the trust selected on the basis of their skills or professional experience), each for a term of 3 years. The Board of Trustees may agree to co opt one or more further local governors to address skills gaps, providing that governors appointed by the Trust Board continue to hold a majority of at least one on the LGB. The chair of each LGB is appointed by the Trust Board.

The CEO is, with the headteacher of the individual school, responsible for the overall leadership and management of the school. Each school has a leadership management team who are responsible for operational matters relating to curriculum, teaching, learning, student attainment, achievement, broader development, welfare, recruitment and finance.

The CEO is the Accounting Officer for the Trust.

**h. Connected organisations, including related party relationships**

There are no related parties which either control or significantly influence the decisions and operations of the trust.

Bennett Memorial Diocesan School is fortunate enough to have both parental, past students and Church support; historically this led to the setting up of a charitable trust; "The Bennett Memorial Diocesan School Charity" which enable gifts to be given tax effectively to the charity; enabling the trustees to make grants to the school or others as appropriate in support of the school in the widest possible sense. The Trust is run by independent Trustees (headteacher, 1 nominated by the School Leadership Team and 3 appointed by the existing trustees) who receive bids from the school to fund particular projects or works. The charity is registered with the Charity Commission for England & Wales, to whom it reports.

**The Tenax Schools Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

**i. Trustees' indemnities**

Trustees (Directors) benefit from indemnity insurance 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.

**Objectives and Activities**

**a. Objects and aims**

The Trust's object is to provide outstanding education in both primary and secondary schools in Kent and East Sussex. It offers a broad and balanced curriculum with the aim of raising the education standards of its pupils with underpinning ethical and personal development principles and with particular emphasis on teaching about Christian values, beliefs and traditions. It aims to provide value for money for the funds expended; to comply with all appropriate statutory and curriculum requirements; and to conduct business in accordance with the highest standards of integrity, probity, and openness.

**b. Objectives, strategies and activities**

Key objectives and activities are identified in the annual strategic plan and are informed by the significant challenges and opportunities arising from national developments in education policy and funding. These include:

- Tenax is a Church of England Trust with Christian values and principles at its heart.
- Tenax serves children of all ages and is centred in Kent and East Sussex.
- We have a mission to serve the wider community and are open to all schools which share our values and aspirations. We seek to comprise a mix of free schools, converter and sponsored academies.
- We expect high academic achievement for all through expert pedagogy and a challenging subject based curriculum. We emphasise character development through and beyond the taught curriculum. We aspire to continue a national reputation for excellence.
- As a Teaching School trust, Tenax has a commitment to the professional development of all staff; as a SCITT, it has a commitment to the formation of new teachers and leaders both for the Trust and the wider system.
- While our Church of England schools place particular emphasis on teaching children and young people about Christian values, beliefs and traditions all of our schools subscribe to our underpinning educational, ethical and personal development principles.
- We value diversity and will preserve the distinctive local character of each school. We welcome pupils and families from all backgrounds and from all faiths and none.

**c. Public benefit**

The principal public benefit arising from the Trust's charitable activities is the educational outcomes in terms of results and personal and faith development for the students educated at the schools operated by the Academy Trust. Both principles of public benefit identified on the Charity Commission website have been met: the benefits are identifiable in terms of educational outcome, it is clear what they are (for example examination results), they are related to the aims, and there is no identifiable detriment.

On the second principle, the beneficiaries are appropriate to the aims, in that the beneficiaries are children living in the locality of the Academy Trust, access to this public benefit is not restricted by ability to pay for it, and only in a practical way by geographical distance from the Academy Trust, and children in poverty are not excluded from benefiting: there are many practical examples of students in poverty who have achieved excellent outcomes, no fees are charged for core educational activities, and the Academy Trust has a wide ranging grants and concessions programme to enable those in poverty to take part in supplementary activities.

The Trustees have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

**d. Equal Opportunities**

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

**e. Disabled persons**

All schools in the Trust have provision for disabled persons. The policy of the Trust is to promote the recruitment and retention of all students and employees with disabilities. Each school does this by having an Accessibility Plan, which includes adapting the physical environment, making support resources available and through training and development.

**Strategic report**

**Achievements and performance**

2017/18 has been a very successful year for Tenax.

**Student outcomes - Secondary**

Academic outcomes at Bennett Memorial were exceptionally strong in 2018, especially at GCSE. The headlines are as follows:

- At GCSE exceptional overall achievement demonstrated by indicative Progress 8 score of +0.98 (the national average is 0.0) placing the school in the top 2% of secondary schools nationally for progress.
- 91% achieved a standard pass in GCSE English, 93% a standard pass in GCSE mathematics
- 87% of students achieved 'standard' GCSE passes at grade 4 or above in both English and mathematics.
- 67% of students achieved the 'strong pass' threshold achieving grade 5 and above in both English and mathematics. 80% achieved a strong pass in English and 77% in mathematics
- EBacc average point score was 5.18
- 7% of entries to the new reformed GCSEs grade 9-1 achieved the top grade 9, double the national proportion. 30% of the GCSE cohort achieved 5 or more 9-7 (A\*/A) grades and 75% achieved 5 or more grades 9-5 (A\*-B). Almost every subject achieved above 80%+ 9-4 (A\* - C) at GCSE – with 14 subjects over 85%, notably mathematics, religious studies, English Literature, English Language, physics, biology, chemistry, geography, Latin, and art
- The school's Attainment 8 score is 57.7 points, which means students achieved an average of grade 6 (B+) in their subjects
- A level results were very strong for the school with A\*-B, 46% A\*-C at 76%, and 99%A\*-E.

**Student outcomes - Primary**

The table below shows the strong performance of Tenax's primary schools in headline outcomes in EYFS, KS1 and KS2 in 2018. The figures represent the proportion of pupils meeting or exceeding expectations. The Trust are particular pleased with the strong progress being made by Sir Henry Fermor CE Primary School, which as a sponsored academy is now gaining ground fast and performing close to or above national averages, and with the Trust's free school, Bishop Chavasse, which achieved well above national outcomes in its first year of opening. Where there are areas of relative underperformance, for example in KS2 mathematics, robust action is being taken to address the shortfall. It should be noted that the data for West Malling includes a number of children with special educational needs educated in the school's attached Language Centre.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

	<b>NATIONAL 2018</b>	<b>NATIONAL 2017</b>	<b>Brenchley and Matfield</b>	<b>Jarvis Brook</b>	<b>Leybourne St P&amp;P</b>	<b>Sir Henry Fermor</b>	<b>West Malling CE Primary School, including specialist language unit</b>	<b>Bishop Chavasse CE Primary (Free) School</b>
Early Years GLD		71%	70%	78%	80%	82%	63%	85%
Year 1 Phonics		81%	83%	94%	73%	81%	91%	n/a
Key Stage 1 Reading		76%	88%	80%	83%	67%	67%	n/a
Key Stage 1 Writing		68%	84%	84%	83%	65%	60%	n/a
Key Stage 1 Maths		75%	84%	72%	80%	70%	63%	n/a
Key Stage 2 Reading	75%		83%	79.20%	87%	73%	76%	n/a
Key Stage 2 Writing	78%		89%	88%	93%	74%	67%	n/a
Key Stage 2 Maths	76%		78%	67%	87%	69%	48%	n/a
Key Stage 2 GPS	78%		72%	88%	87%	74%	76%	n/a
Key Stage 2 Combined	64%		72%	58%	80%	59%	39%	n/a

**Key performance indicators**

The Board of Trustees have identified that the following are the key performance indicators for the Trust which are tracked and monitored through standard monitoring reports:

- School performance as detailed by Ofsted
- Latest performance outcomes – in line or above national expectations
- School improvement targets met or exceeded
- Pupil attendance figures
- Percentage of income received through General Annual Grant (GAG) spent on total staff costs – aim for 85%
- Pupil numbers (leading directly to ESFA funding level) – aim to reach full capacity
- Financial stability – aim for income to match expenditure each year with sufficient cash reserves

The Board of Trustees have been pleased that expectations for all key performance indicators listed above have been successfully met during the year.

**The Tenax Schools Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

**b. Review of activities**

During this year the Trust grew from five to seven schools: On the 1st September 2017, the Trust opened a new Free School, Bishop Chavasse Church of England Primary School, and West Malling Church of England Primary School, previously a single academy trust, joined the Trust. Fordcombe CE Primary School joined the Trust on 1st October 2018, as a converted academy. There is currently a total of 8 schools in the Trust.

In addition an Academy Order has been received for another local primary school to join the Trust.

St Andrew's Free School Paddock Wood is approved and in pre opening stages, with an estimated opening date currently September 2020. It will be a two form entry school with a total roll when full of 420.

The SCITT finished its first operational year successfully. It operated within budget, and all 20 newly qualified primary and secondary teachers secured jobs locally. 30 new trainees have begun their training in September 2018 which represents an approximately 50% increase on year 1 of operation.

We have been successful in securing two tranches of funding each at £0.4m for strategic school improvement projects to undertake mathematics improvement work in locally named secondary and primary schools.

The Trust, in collaboration with other schools and organisations, was also successful in two separate bids for National Professional Qualifications: and as a result was awarded a licence to offer the NPQH programme, with its distinctive Church of England dimension of headship, and act as a lead partner to run a NPQEL programme.

Our CEO continues to be recognised as a renowned leader of education, and this year advised the DfE on a number of areas, including Relationships and Sex Education (RSE) and PSHE, the implementation of the EBacc, and the implementation of the Strategic School Improvement Fund. He has also been appointed to the Board of Ofqual.

The past year has seen the Trust develop rapidly in terms of all aspects of business and financial management. Financial processes, controls and reporting formats are at a sector-leading standard and have been successfully embedded. Wider central support services have been further strengthened including HR and project management.

We have enhanced our governance arrangements during the year too: including bespoke training delivered for both Trustees and Governors; strengthened the Board's work on risk control and mitigation; produced standard monitoring reports, templates and guidance notes in key areas and introduced a self-evaluation for the Board and LGBs. We have also appointed a new Head of Governance to co-ordinate work across the Trust, and grown the Trust Board with the appointment of two new effective and experienced trustees.

**Financial review**

**a. Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies. Although there has been a net deficit in funds during the year this is mainly due to actuarial gains/(losses) on defined benefit pension schemes and as such the Board of Trustees continue to adopt the going concern basis.

**b. Principal risks and uncertainties**

The Trust practices through its Board, namely the Board of Trustees and the constituted sub committees, robust risk management principles. It formally reviews its risk management regularly and considers whether risks are appropriately assessed and whether the mitigation strategies identified for each is proportionate to the gravity of the risk. Risks are assessed, graded and prioritised in terms of their likelihood and their seriousness, should they occur.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

The Board has a risk register which is presented and considered regularly at Board meetings. Key risks and associated controls in place are set out below:

Recruitment and Retention of key staff: Trust fails to keep/attract staff in critical roles needed to meet our objectives/strategy. Mitigated by identification/mapping of key roles and critical individuals; key person emergency coverage plans and talent pipeline in place.

Failure to comply with statutory safeguarding requirements. Mitigated by controls in place including – defined roles and responsibilities for named safeguarding governor and Trustee; Designated Safeguarding Leads and nominated governors required to complete at least an annual report to the LGB; and the safeguarding Trustee provides an annual report to the Trust Board.

Insufficient funds to deliver the services to the appropriate level. Mitigated by robust financial planning and budgeting systems to match resources to priorities, alertness to alternative grant and bidding income streams or grants; cautious budgeting to ensure future income not overestimated; discipline and restraint in pay policy to ensure value for money in staff salary costs; scale benefits, shared resourcing and efficiencies achieved through benefits of Trust working.

Failure in Corporate Governance. Mitigated by clear terms of reference established for all committees; clear accountabilities set and understood; whistleblowing and conflict of interest policies regularly reviewed; training/upskilling/induction programme in place for new Trustees and governors; regular review of governance effectiveness, openness to constructive (external) critique.

IT breach resulting in confidential data theft or corruption. Mitigated by disaster recovery plans in place, and the comprehensive data protection review and training programme carried out during the last year, including updated suite of policies and processes in line with GDPR.

Material event occurs within one of our schools that compromises pupil, staff or public safety. Mitigated by monitoring compliance with all Safeguarding and Health & Safety statutory requirements to reduce likelihood of material event; critical incident plans in place to ensure swift response to material event, limiting scale of impact and enabling normal operations to be resumed as quickly as possible.

The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective to not run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Board of Trustees collectively, whilst more minor risks are dealt with by senior executive officers.

**c. Reserves policy**

The Finance & Audit Committee considers the maintenance of a minimum working reserve in order to minimise any financial risks facing the Trust, such as delays between spending and receipt of grants or unexpected emergencies, and:

- Regularly reviews the level of reserves and the nature of income and expenditure streams and the need to match income with commitments
- Discloses the reserve funds for each school, with individual schools to normally spend these as determined by the school and CFO
- Allows a surplus balance brought forward into the Trust by a joining school to be normally deployed at discretion of the school in agreement with the CFO
- Ensures schools are maintaining balanced 3 year budgets where in-year income matches expenditure
- Maintains the appropriate level of free reserves at Trust level currently approved by Trustees to be between 2-5% of annual revenue income (to be reviewed and agreed annually)
- Considers the set aside of funds for significant projects that cannot be met by future income alone
- Allows sinking funds for specific regeneration projects, for example the allweather pitch, to fall outside of the general reserves balance and agree these annually by the Finance & Audit Committee with level of contributions derived from associated trading profits

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

At 31 August 2018, total funds comprised £10,511,563 consisting of unrestricted funds of £1,103,645 and a restricted fund deficit of £1,945,126. At 31 August 2018 the total funds also comprised of restricted fixed asset funds of £11,353,044.

The significant in year surplus of £1,064,051 includes Condition Improvement Funding for various capital projects and will be partially reversed in future periods when the depreciation of the associated assets is charged to the Statement of Financial Activities.

The unrestricted funds and restricted fixed asset funds are held for future improvements and capital projects.

The deficit of £2,681,000 included in the restricted funds relates to the trust's Local Government Pension Scheme fund liability. This deficit is not an immediate liability and so funds would not have to be made available to cover this balance at short notice. The deficit on the pension reserve relates to the non teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 24. The deficit can be met in the longer term from any combination of increased employer and employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy Trust, at the discretion of the Trustees. The aim of the Trustees is to increase this reserve to meet future working capital requirements.

**d. Investment policy**

The Finance & Audit Committee considers the management of the Trust's funds bearing in mind the responsibilities that come with the receipt of central government funding and:

- Regularly monitors cash flow and current account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments
- Maintains a working balance to respond to unexpected financial demands
- Ensures schools' accounts are not overdrawn
- Keeps the automatic transfer facility for current accounts in operation to maximise interest in deposit accounts bearing higher interest rate
- Reviews periodically interest rates and compares with other investment opportunities

**e. Fundraising**

The Trust recognises the vital contribution made by its supporters, with voluntary donations accounting for approximately 5% of the Trust's incoming resources. Without this support it would not be possible for the Trust to continue to undertake its full and enriched level of activity, which would have an adverse impact on the children that we seek to provide for.

We believe that giving to charity should be a positive experience, and to help ensure that this is the case the Trust has put in place a policy that seeks to ensure that the highest possible standards of fundraising practice are being adopted. This policy acknowledges the damaging impact an excessively aggressive approach to fundraising can have on vulnerable people, whether from unreasonably persistent approaches being made or undue pressure to give being applied, and great care is undertaken to ensure that such practices are not adopted by the Trust. The Trust complies with all aspects of the Fundraising Regulator's Code of Practice. All fundraising activity is carried out within the Trust and it does not utilise the services of any external commercial fundraisers.

The Trust welcomes feedback on its fundraising approach and seeks to make improvements wherever it can. Any complaints received in respect of our fundraising activities are taken very seriously and are acted upon immediately. We are pleased to report that during the year no complaints were received in respect of our fundraising activity.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

**Plans for future periods**

**a. Future developments**

The strategic plan for the Trust envisages further growth in converter and sponsored academies, as well as new schools and expansions where demand for places exceeds current supply. The Trust will continue to grow sustainably and will continue to make the case locally and nationally for Church of England schools, whilst also fulfilling its mission to incorporate non denominational schools which share the Trust's values and approach to education. The Trust aims to articulate its Church of England underpinnings in all that it does.

The Trust will continue to ensure that in all schools teaching and learning is appropriately subject based, particularly from KS2 upwards, and that all pupils are offered a broad curriculum with due emphasis on the full range of subjects. It will continue to develop and articulate its successful approach to pedagogy, based on the importance of explicit teaching and purposeful practice for all ages.

As the Trust grows in each phase, we will consider the usefulness of cross Trust subject (or phase) specialist leads to help strengthen and make more rigorous and consistent our Trust pedagogies.

As part of the Altius Teaching School Alliance, the Trust will continue to develop the work and contribution of the Trust to the mission of Teaching Schools to improve the quality of education received by pupils in schools within its ambit, and will do this by implementing awarded School to School Improvement Funding for targeted school improvement projects.

We will actively promote teacher development opportunities through the Trust as well as Altius and our SCITT.

The Trust will continue to communicate its approach to the development of resilience and character in young people both through the taught curriculum, by explicit understanding on the part of teachers on how to achieve this, and through planned activities and opportunities beyond the taught curriculum.

The Trust will focus on improving standards further in its schools, maintaining the high standards at its Good and Outstanding schools, and working intensively to improve outcomes at its Requires Improvement sponsored school.

Finally, we will continue to make a distinctive and high profile contribution to education at national level through participation in national debate, review work, and support for national initiatives and projects.

All of these link to the charitable purposes set out above.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

**Disclosure of information to auditors**

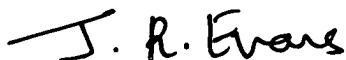
Insofar as the Trustees are aware:

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

**Auditors**

The auditors, Kreston Reeves LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re appointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 6 December 2018 and signed on its behalf by:



**Lady (Jacqueline) Evans**  
**Chair of Trustees**

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Governance Statement**

**Scope of Responsibility**

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

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

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 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
Mr Ian Bauckham CBE, CEO	6	6
Mr John Constanti (Resigned 8 February 2018)	2	3
Lady (Jacqueline) Evans, Chair	6	6
Mr Matthew Bedford	4	6
Mr David Ralph JP	6	6
Canon Dr (Kathleen) Ann Holt OBE	5	6
Mrs Kate York	5	6
Mr Andrew Cunningham	6	6
Mr David Godfrey	5	6
Ms Cherie Sargent	6	6
Mr Simon Curtis (appointed 20 March 2018)	3	3
Mr James Shaw Hamilton (appointed 20 March 2018)	3	3

Every committee reviews its role in the light of changes in legislation, responsibilities and accountability annually.

Attendance at Finance and Audit Committee meetings in the year was as follows:

Attendee	Meetings attended	Out of a possible
Mr David Ralph, Chair of Committee	4	4
Mr John Constanti, Vice-Chair of Committee	1	2
Mr Matthew Bedford	4	4
Mr David Godfrey	4	4
Mrs Catherine Dottridge (CFO)	4	4
Lady (Jacqueline) Evans, (audit only)	1	1

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Governance Statement (continued)**

Attendance at Standards Committee meetings in the year was as follows:

Attendance at meetings in the year was as follows:

Attendee	Meetings attended	Out of a possible
Mr Ian Bauckham	3	3
Ms Cherie Sargent (Chair of Committee)	3	3
Lady (Jacqueline) Evans	3	3
Canon Dr (Kathleen) Ann Holt OBE	1	3

Mrs Rachel Green (Primary Lead) was also in attendance at the three meetings during the year.

Attendance at SCITT Governance Committee meetings in the year was as follows:

Member	Meetings attended	Out of possible
Mr Andrew Cunningham	1	3
Mr David Godfrey (Chair of Committee)	3	3
Cannon Dr (Kathleen) Anne Holt	2	3
Mr David Ralph	3	3
Mr Richard Tyson (Director Teaching School)	3	3

Mrs Laura Purser (SCITT Operations Director) was also in attendance at the three meetings during the year.

Attendance at Pay Committee meetings in the year was as follows:

Member	Meetings attended	Out of possible
Lady (Jacqueline) Evans	1	1
Mr John Constani	1	1
Mr David Ralph (Chair of Committee)	1	1
Ms Cherie Sargent	1	1

**The Tenax Schools 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:

- Operating a robust pay and performance management policy which rewards and incentivises effective teachers and does not reward relatively less successful teaching. A designated Pay Committee is in place to annually review and manage implementation of the Trust's Pay Policy.
- Undertaking effective procurement using, where appropriate, competitive tendering, to ensure best value is achieved for contracts and services (eg tendering Roofing and Fire Safety Project at Bennett); and obtaining alternative quotes for large scale projects (eg Furniture and Equipment for Bishop Chavasse Primary School).
- Challenging existing contracts and changing suppliers where necessary to ensure value for money for service delivery (eg changing supplier for the provision of payroll services at Sir Henry Fermor Primary School).
- Effective and efficient deployment of staff through regular use of deep-dive analysis and benchmarking reviews of staffing structures and costs; and the sharing of resource where possible across schools and activities
- Achieving cost savings and efficiencies through realising scale benefits from growing the Trust

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Tenax Schools Trust for the year 1 September 2017 to 31 August 2018 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 2017 to 31 August 2018 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 Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Governance Statement (continued)**

**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 Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Kreston Reeves LLP as internal auditor.

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

- Testing of payroll systems
- Testing of purchase and procurement
- Testing of income systems
- Testing of bank reconciliations
- Testing of control account reconciliations

The internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal auditor has delivered the schedule of work as planned and any management actions identified in the areas under review have been followed up.

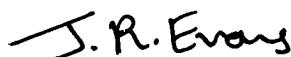
**Review of Effectiveness**

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:

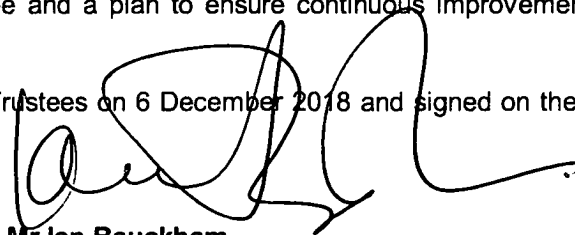
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 6 December 2018 and signed on their behalf by:



**Lady (Jacqueline) Evans**  
**Chair of Trustees**



**Mr Ian Bauckham**  
**Accounting Officer**

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of The Tenax Schools 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 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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.



**Mr Ian Bauckham**  
**Accounting Officer**

Date: 6 December 2018

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Statement of Trustees' Responsibilities**  
**For the Year Ended 31 August 2018**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 6 December 2018 and signed on its behalf by:



**Lady (Jacqueline) Evans**  
**Chair of Trustees**

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report on the Financial Statements to the Members of The Tenax Schools Trust**

**Opinion**

We have audited the financial statements of The Tenax Schools Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report on the Financial Statements to the Members of The Tenax Schools Trust**

**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. 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.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, 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.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report on the Financial Statements to the Members of The Tenax Schools Trust**

**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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report on the Financial Statements to the Members of The Tenax Schools Trust**

**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.

*Kreston Reeves LLP,*

Peter Manser FCA DChA (Senior Statutory Auditor)  
for and on behalf of  
**Kreston Reeves LLP**  
Chartered Accountants  
Statutory Auditor  
Canterbury  
14 December 2018

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Independent Reporting Accountants' Assurance Report on Regularity to The Tenax Schools Trust and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 19 April 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Tenax Schools Trust during the year 1 September 2017 to 31 August 2018 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 Tenax Schools Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Tenax Schools Trust and the 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 Tenax Schools Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Tenax Schools Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Tenax Schools Trust's funding agreement with the Secretary of State for Education dated 27 October 2015, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the 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.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Independent Reporting Accountants' Assurance Report on Regularity to The Tenax Schools Trust and the Education & Skills Funding Agency (continued)**

**Work undertaken**

The work undertaken to draw to our conclusion includes:

- Reviewed the evidence used to support the Accounting Officer's sign off of the regularity statement
- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Reviewed that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Governing Body minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Kreston Reeves LLP

**Kreston Reeves LLP**  
Reporting Accountant  
Chartered Accountants  
Canterbury

14 December 2018

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Statement of Financial Activities incorporating Income and Expenditure Account**  
**For the Year Ended 31 August 2018**

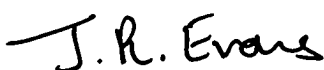
	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Income from:</b>						
Donations & capital grants:						
Transfer from local authority on conversion	2	-	-	-	-	4,061,393
LGPS pension liability and fixed assets inherited from other Academy Trusts	2	93,287	(486,000)	100,394	(292,319)	-
Other donations and capital grants	2	213,748	581,674	1,608,485	2,403,907	1,149,228
Charitable activities	3	-	12,594,159	-	12,594,159	10,384,976
Teaching school - SCITT	29	-	443,997	-	443,997	-
Other trading activities	4	130,794	-	-	130,794	40,299
Investments	5	15,895	-	-	15,895	7,738
Other income	6	666,953	-	-	666,953	673,327
<b>Total income</b>		<b>1,120,677</b>	<b>13,133,830</b>	<b>1,708,879</b>	<b>15,963,386</b>	<b>16,316,961</b>
<b>Expenditure on:</b>						
Charitable activities	7	683,033	13,606,477	178,963	14,468,473	11,846,350
Teaching school - SCITT	29	-	430,862	-	430,862	16,752
<b>Total expenditure</b>	<b>8</b>	<b>683,033</b>	<b>14,037,339</b>	<b>178,963</b>	<b>14,899,335</b>	<b>11,863,102</b>
<b>Net income / (expenditure) before transfers</b>		<b>437,644</b>	<b>(903,509)</b>	<b>1,529,916</b>	<b>1,064,051</b>	<b>4,453,859</b>
Transfers between Funds	19	(481,191)	(224,322)	705,513	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>(43,547)</b>	<b>(1,127,831)</b>	<b>2,235,429</b>	<b>1,064,051</b>	<b>4,453,859</b>
Actuarial gains on defined benefit pension schemes	24	-	808,000	-	808,000	889,001
<b>Net movement in funds</b>		<b>(43,547)</b>	<b>(319,831)</b>	<b>2,235,429</b>	<b>1,872,051</b>	<b>5,342,860</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		1,147,193	(1,625,296)	9,117,615	8,639,512	3,296,652
<b>Total funds carried forward</b>		<b>1,103,646</b>	<b>(1,945,127)</b>	<b>11,353,044</b>	<b>10,511,563</b>	<b>8,639,512</b>

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**  
**Registered number: 07542155**

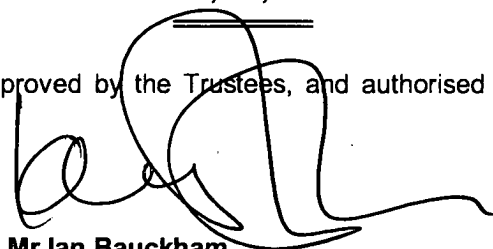
**Balance Sheet**  
**As at 31 August 2018**

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	15		10,204,400		8,556,448
<b>Current assets</b>					
Debtors	16	1,056,937		789,933	
Cash at bank and in hand		2,723,456		2,566,118	
		<u>3,780,393</u>		<u>3,356,051</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(779,828)</u>		<u>(799,585)</u>	
<b>Net current assets</b>			<u>3,000,565</u>		<u>2,556,466</u>
<b>Total assets less current liabilities</b>			<u>13,204,965</u>		<u>11,112,914</u>
<b>Creditors: amounts falling due after more than one year</b>	18		<u>(12,402)</u>		<u>(12,402)</u>
<b>Net assets excluding pension scheme liabilities</b>			<u>13,192,563</u>		<u>11,100,512</u>
Defined benefit pension scheme liability	24		<u>(2,681,000)</u>		<u>(2,461,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u><u>10,511,563</u></u>		<u><u>8,639,512</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	19	735,873		835,704	
Restricted fixed asset funds	19	<u>11,353,044</u>		<u>9,117,615</u>	
Restricted income funds excluding pension liability		<u>12,088,917</u>		<u>9,953,319</u>	
Pension reserve		<u>(2,681,000)</u>		<u>(2,461,000)</u>	
Total restricted income funds			<u>9,407,917</u>		<u>7,492,319</u>
Unrestricted income funds	19		<u>1,103,646</u>		<u>1,147,193</u>
<b>Total funds</b>			<u><u>10,511,563</u></u>		<u><u>8,639,512</u></u>

The financial statements on pages 26 to 57 were approved by the Trustees, and authorised for issue, on 6 December 2018 and are signed on their behalf by:



**Lady (Jacqueline) Evans**  
**Chair of Trustees**



**Mr Ian Bauckham**  
**Accounting Officer**

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Statement of Cash Flows**  
**For the Year Ended 31 August 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	21	<u>360,421</u>	<u>(524,445)</u>
<b>Cash flows from investing activities:</b>			
Interest from investments		15,895	7,738
Purchase of tangible fixed assets		(1,735,945)	(312,817)
Capital grants from DfE Group		<u>1,516,967</u>	<u>1,059,586</u>
<b>Net cash (used in)/provided by investing activities</b>		<u>(203,083)</u>	<u>754,507</u>
<b>Change in cash and cash equivalents in the year</b>		<b>157,338</b>	<b>230,062</b>
Cash and cash equivalents brought forward		<u>2,566,118</u>	<u>2,336,056</u>
<b>Cash and cash equivalents carried forward</b>	22	<u><u>2,723,456</u></u>	<u><u>2,566,118</u></u>

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**1. Accounting Policies**

The Tenax Schools Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Bennett Memorial Diocesan School, Culverden Down, Tunbridge Wells, Kent, TN4 9SH. The principal activity of the academy trust is to provide a secondary and primary education for pupils that satisfies the requirements of the Education Act 2002.

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

**1.1 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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Tenax Schools Trust constitutes a public benefit entity as defined by FRS 102.

The academy trust's functional and presentational currency is Pounds Sterling.

The academy trust's financial statements are presented to the nearest pound.

**1.2 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 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.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**1. Accounting Policies (continued)**

**1.3 Income**

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

Where assets are received by the 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 risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**1. Accounting Policies (continued)**

**1.4 Expenditure**

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

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 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.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**1. Accounting Policies (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Premises occupied under a licence by church academies

The Rochester Diocesan Board of Education and Chichester Diocesan Board of Education own the legal titles of land and freehold property for the church academies the trust operate. In these circumstances, the academy trust's rights over the premises does not meet the definition of an asset as the academy trust does not have control over the premises. Accordingly the academy trust does not recognise these premises as a fixed asset on its balance sheet. There are no formal leases in place and the Rochester Diocesan Board of Education and Chichester Diocesan Board of Education do not charge any rent for the use of these properties.

Premises leased from local authorities

Land, buildings and playing fields occupied under 125 year leases from a local authority are recognised as a fixed asset in the academy trust balance sheet at fair value.

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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	Not depreciated
Long-term leasehold land	-	Not depreciated
Long-term leasehold property	-	2% straight line
Fixtures and fittings	-	20% straight-line
Computer equipment	-	33% straight-line
Assets under construction	-	Not depreciated

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

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

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**1. Accounting Policies (continued)**

**1.7 Operating leases**

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

**1.8 Debtors**

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

**1.9 Cash at Bank and in hand**

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

**1.10 Liabilities and provisions**

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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.11 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 basis 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 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. 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 instruments.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**1. Accounting Policies (continued)**

**1.12 Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.13 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**1. Accounting Policies (continued)**

**1.14 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

*Multi-employer defined benefit pension scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2018. 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 Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**1. Accounting Policies (continued)**

*Tangible fixed assets*

The Academy Trust has recognised tangible fixed assets with a carrying value of £10,204,400 at the reporting date (see note 15). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the governors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

Critical areas of judgment:

*Lease commitments*

The Academy Trust has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the governors to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

*Multi-employer defined benefit pension scheme*

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the governors, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 24 for further details.

*Inherited assets from other Academy Trust*

The Academy Trust has recognised fixed assets of £90,970 and a deficit of £486,000 relating to the LGPS pension scheme being the estimated fair value of assets and liabilities transferred from another Trust in respect of West Malling Church of England Primary School.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**1. Accounting Policies (continued)**

**1.15 Transfer of existing academy into the academy trust**

The transfer of West Malling Church of England Academy Trust to this academy trust involved the transfer of 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 from West Malling Church of England Academy Trust to The Tenax Schools 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 Donations - transfer from other academy trusts in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

**2. Income from donations and capital grants**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer from local authority on conversion	-	-	-	-	4,061,393
LGPS pension liability and fixed assets inherited from other Academy Trusts	93,287	(486,000)	100,394	(292,319)	-
Subtotal detailed disclosure	93,287	(486,000)	100,394	(292,319)	4,061,393
Donations	213,748	581,674	-	795,422	89,642
Capital grants	-	-	1,608,485	1,608,485	1,059,586
	213,748	581,674	1,608,485	2,403,907	1,149,228
	307,035	95,674	1,708,879	2,111,588	5,210,621
Total 2017	306,513	(260,000)	5,164,108	5,210,621	

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**3. Funding for Academy's educational operations**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	11,067,849	11,067,849	9,219,826
Other DfE/ESFA grants	-	692,125	692,125	594,542
	-	11,759,974	11,759,974	9,814,368
<b>Other government grants</b>				
Local authority Grants	-	834,185	834,185	570,607
	-	834,185	834,185	570,607
	-	12,594,159	12,594,159	10,384,975
Total 2017	-	10,384,976	10,384,976	

**4. Other trading activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	103,548	-	103,548	40,299
Other insurance claims	27,246	-	27,246	-
	130,794	-	130,794	40,299
Total 2017	40,299	-	40,299	

**5. Investment income**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	15,895	-	15,895	7,738
Total 2017	7,738	-	7,738	

**The Tenax Schools Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**6. Other incoming resources**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
Contributions towards school trips	<b>391,526</b>	-	<b>391,526</b>	342,112
Contributions towards clubs and educational activities	<b>40,763</b>	-	<b>40,763</b>	16,051
Other incoming resources	<b>234,664</b>	-	<b>234,664</b>	315,164
	<b>666,953</b>	-	<b>666,953</b>	673,327
<b>Total 2017</b>	<b>673,327</b>	-	<b>673,327</b>	

**The Tenax Schools Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**7. Charitable activities**

	Total funds 2018 £	Total funds 2017 £
<b>Direct costs - educational operations</b>		
Wages and salaries	6,390,372	4,813,637
National insurance	593,675	474,428
Pension cost	1,036,546	764,012
Educational supplies and services	1,151,393	993,842
Examination fees	148,486	121,766
Educational consultancy	51,877	206,799
Staff development and training	21,152	32,623
Technology costs	21,606	8,127
Other direct costs	17,625	16,849
	<u>9,432,732</u>	<u>7,432,083</u>
<b>Support costs - educational operations</b>		
Wages and salaries	1,669,536	1,747,622
National insurance	206,013	104,572
Pension cost	748,170	601,802
Depreciation	178,962	68,191
Pension income	73,000	60,000
Technology costs	117,946	37,440
Recruitment and support	34,324	36,440
Maintenance of premises and equipment	325,248	256,491
Cleaning	275,343	231,809
Rates and water	242,844	195,625
Energy costs	187,680	128,552
Insurance	75,012	51,002
Security and transport	49,574	39,949
Catering	232,205	142,241
Governance costs	117,212	73,522
Other support costs	252,954	209,462
Roof repairs	249,718	429,547
	<u>5,035,741</u>	<u>4,414,267</u>
	<u><u>14,468,473</u></u>	<u><u>11,846,350</u></u>

**The Tenax Schools Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**8. Expenditure**

	<b>Staff costs</b>	<b>Premises</b>	<b>Other costs</b>	<b>Total</b>	<b>Total</b>
	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Activities:					
Direct costs	8,020,593	-	1,412,139	9,432,732	7,435,968
Support costs	2,623,719	1,026,947	1,385,075	5,035,741	4,427,134
Teaching school - SCITT	107,226	-	323,636	430,862	16,752
	<u>10,751,538</u>	<u>1,026,947</u>	<u>3,120,850</u>	<u>14,899,335</u>	<u>11,879,854</u>
Total 2017	<u>8,513,582</u>	<u>1,188,314</u>	<u>2,161,206</u>	<u>11,863,102</u>	

**9. Net income/(expenditure)**

This is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	178,963	68,191
Auditors' remuneration - audit	16,000	13,000
Auditors' remuneration - other services	4,700	4,100
Operating lease rentals	<u>25,490</u>	<u>35,771</u>

**The Tenax Schools Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**10. Staff costs**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	8,000,575	6,444,477
Social security costs	799,688	579,000
Operating costs of defined benefit pension schemes	1,784,716	1,365,814
	<b>10,584,979</b>	<b>8,389,291</b>
Agency staff costs	166,559	121,491
Severance payments	-	2,800
	<b>10,751,538</b>	<b>8,513,582</b>

**b. Non-statutory/non-contractual staff severance payments**

Included in direct costs are non-statutory/non-contractual severance payments totalling £Nil (2017: £2,800). Individually, the payments were: £Nil (2017: £2,800).

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	161	133
Administration and support	252	219
Management	22	20
	<b>435</b>	<b>372</b>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	136	126
Administration and support	112	103
Management	21	17
	<b>269</b>	<b>246</b>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	3	4
In the band £70,001 - £80,000	2	1
In the band £80,001 - £90,000	2	1
In the band £120,001 - £130,000	1	1

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**10. Staff costs (continued)**

The above employees participated in the Teachers' Pension scheme and the Local Government Pension Scheme. Contributions during the year ended 31 August 2018 amounted to £95,983 towards the Teachers' Pension Scheme (2017: £79,071) and £16,000 towards the Local Government Pension Scheme (2017: £12,812).

**e. Key management personnel**

The key management personnel of the Academy Trust comprise the senior leadership team. The total salaries received by key management personnel for their services to the Academy Trust was £366,334 (2017: £476,245). Employer pension contributions were a total of £55,135 (2017: £80,682) and employer national insurance contributions were a total of £54,019 (2017: £58,766).

**11. Central services**

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

- Educational support services
- Finance and administrative support
- Others as arising

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

A flat percentage of 3.5% of General Annual Grant income

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Bennett Memorial Diocesan School	222,552	229,032
Brenchley and Matfield CofE Primary School	22,110	23,209
Sir Henry Fermor CofE Primary School	44,047	46,223
Leybourne Ss Peter and Paul CE Primary School	25,623	13,399
Jarvis Brook Primary School	24,982	12,400
Bishop Chavassee CofE Primary School	8,431	-
West Malling CofE Primary School	27,335	-
<b>Total</b>	<b>375,080</b>	<b>324,263</b>

**The Tenax Schools Trust**  
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**Notes to the Financial Statements**  
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**12. Trustees' remuneration and expenses**

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

		2018 £	2017 £
Ian Bauckham (CEO, Accounting Officer and Trustee)	Remuneration	125,000-130,000	120,000-125,000
	Pension contributions paid	15,000-20,000	20,000-25,000

During the year, no Trustees received any reimbursement of expenses (2017: £Nil).

There are no Trustees (other than the CEO) who receive remuneration.

**13. Trustees' and Officers' Insurance**

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

**14. Other finance income**

	2018 £	2017 £
Interest income on pension scheme assets	118,000	63,000
Interest on pension scheme liabilities	(191,000)	(123,000)
	<u>(73,000)</u>	<u>(60,000)</u>

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**For the Year Ended 31 August 2018**

**15. Tangible fixed assets**

	Freehold land and property £	Long-term leasehold land and property £	Fixtures and fittings £	Computer equipment £	Assets under construction £
<b>Cost</b>					
At 1 September 2017	4,019,000	4,410,845	71,772	354,815	114,823
Additions	-	1,622,925	15,088	97,932	-
Inherited assets	-	89,458	1,512	-	-
Transfer between classes	-	30,907	-	83,916	(114,823)
At 31 August 2018	4,019,000	6,154,135	88,372	536,663	-
<b>Depreciation</b>					
At 1 September 2017	-	33,413	70,385	311,009	-
Charge for the year	-	101,818	4,245	72,900	-
At 31 August 2018	-	135,231	74,630	383,909	-
<b>Net book value</b>					
At 31 August 2018	4,019,000	6,018,904	13,742	152,754	-
At 31 August 2017	4,019,000	4,377,432	1,387	43,806	114,823

	Total £
<b>Cost</b>	
At 1 September 2017	8,971,255
Additions	1,735,945
Inherited assets	90,970
Transfer between classes	-
At 31 August 2018	10,798,170
<b>Depreciation</b>	
At 1 September 2017	414,807
Charge for the year	178,963
At 31 August 2018	593,770
<b>Net book value</b>	
At 31 August 2018	10,204,400
At 31 August 2017	8,556,448

During the year, the Academy Trust recognised in land and buildings of £89,458 comprising the balance of a 125 year lease granted from Kent County Council in respect of West Malling Church of England Primary School at 1 September 2017.

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**For the Year Ended 31 August 2018**

**16. Debtors**

	2018 £	2017 £
Trade debtors	10,251	6,751
Other debtors	269,128	381,954
Prepayments and accrued income	777,558	401,228
	<u>1,056,937</u>	<u>789,933</u>

**17. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Other loans	2,921	2,921
Trade creditors	56,029	169,319
Other taxation and social security	136,710	117,185
Other creditors	156,845	264,795
Accruals and deferred income	427,323	245,365
	<u>779,828</u>	<u>799,585</u>

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	183,739	312,323
Resources deferred during the year	224,953	183,739
Amounts released from previous years	(183,739)	(312,323)
Deferred income at 31 August 2018	<u>224,953</u>	<u>183,739</u>

At the balance sheet date the Academy Trust was holding funds received in advance of the 2018/19 financial year in respect of free school meals and parental contributions towards school trips and other activities.

**18. Creditors: Amounts falling due after more than one year**

	2018 £	2017 £
Other loans	<u>12,402</u>	<u>12,402</u>

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**Notes to the Financial Statements**  
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**19. Statement of funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds - all funds	<u>1,147,193</u>	<u>1,120,677</u>	<u>(683,033)</u>	<u>(481,191)</u>	<u>-</u>	<u>1,103,646</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	388,632	11,069,574	(11,657,785)	607,065	-	407,486
Other DfE/ESFA grants	103,569	674,275	(697,150)	-	-	80,694
Other Government Grants	343,503	850,310	(709,543)	(249,713)	-	234,557
SCITT	-	443,997	(430,861)	-	-	13,136
3G Pitch donations	-	581,674	-	(581,674)	-	-
Pension reserve	(2,461,000)	(486,000)	(542,000)	-	808,000	(2,681,000)
	<u>(1,625,296)</u>	<u>13,133,830</u>	<u>(14,037,339)</u>	<u>(224,322)</u>	<u>808,000</u>	<u>(1,945,127)</u>
<b>Restricted fixed asset funds</b>						
General Fixed Asset Fund	8,246,700	90,970	(178,963)	2,045,693	-	10,204,400
DfE/EFA capital grants	870,915	1,617,909	-	(1,340,180)	-	1,148,644
	<u>9,117,615</u>	<u>1,708,879</u>	<u>(178,963)</u>	<u>705,513</u>	<u>-</u>	<u>11,353,044</u>
Total restricted funds	<u>7,492,319</u>	<u>14,842,709</u>	<u>(14,216,302)</u>	<u>481,191</u>	<u>808,000</u>	<u>9,407,917</u>
Total of funds	<u>8,639,512</u>	<u>15,963,386</u>	<u>(14,899,335)</u>	<u>-</u>	<u>808,000</u>	<u>10,511,563</u>

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

GAG represents funds to be used to cover the normal running costs of the Academy Trust.

Other DfE/ESFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

DfE/ESFA capital grants funds is to provide the Academy Trust with its own capital money to address improvements to buildings and other facilities. The balance on the fund represents unspent capital grant money to be spent in the first school term of 2018/2019.

The Restricted fixed asset fund represents the leasehold land and buildings and other assets which were donated upon conversion to academy status, the value of fixed assets purchased since conversion including depreciation to the balance sheet date.

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 2018.

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**Notes to the Financial Statements**  
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**19. Statement of funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Bennett Memorial Diocesan School	960,171	1,358,170
Brenchley and Matfield CofE Primary School	173,991	113,164
Sir Henry Fermor CofE Primary School	87,480	38,563
Leybourne Ss Peter and Paul CE Primary School	9,050	71,644
Jarvis Brook Primary School	174,207	144,211
Tenax Schools Trust	291,730	257,145
West Malling CE Primary School	93,399	-
Bishop Chavassee CE Primary School	49,491	-
<b>Total before fixed asset fund and pension reserve</b>	<b>1,839,519</b>	<b>1,982,897</b>
Restricted fixed asset fund	11,353,044	9,117,615
Pension reserve	(2,681,000)	(2,461,000)
<b>Total</b>	<b>10,511,563</b>	<b>8,639,512</b>

**Analysis of academies by cost**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciation £</b>	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Bennett Memorial Diocesan School	4,676,233	815,872	657,874	1,340,262	7,490,241	7,839,041
Brenchley and Matfield CofE Primary School	509,438	57,033	87,391	115,637	769,499	849,226
Sir Henry Fermor CofE Primary School	1,012,845	128,037	44,816	253,161	1,438,859	1,549,907
Leybourne Ss Peter and Paul CE Primary School	446,101	290,153	52,084	140,527	928,865	472,089
Jarvis Brook Primary School	496,487	150,022	45,117	168,954	860,580	389,072
Tenax Trust	-	747,310	97,007	384,875	1,229,192	695,576
West Malling CE Primary School	676,794	284,790	67,582	174,303	1,203,469	-
Bishop Chavassee CE Primary School	93,158	152,368	16,981	106,304	368,811	-
<b>Total</b>	<b>7,911,056</b>	<b>2,625,585</b>	<b>1,068,852</b>	<b>2,684,023</b>	<b>14,289,516</b>	<b>11,794,911</b>

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**Notes to the Financial Statements**  
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**19. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>General funds</b>						
General Fund	407,453	1,027,877	(288,137)	-	-	1,147,193
<b>Restricted funds</b>						
Restricted Funds - all funds	867,557	-	-	(867,557)	-	-
General Annual Grant (GAG)	-	9,249,156	(9,728,081)	867,557	-	388,632
Other DfE/ESFA grants	456	570,642	(464,459)	(3,070)	-	103,569
Other Government Grants	379,777	481,353	(517,627)	-	-	343,503
Pension reserve	(2,723,000)	(260,000)	(367,000)	-	889,000	(2,461,000)
	<u>(1,475,210)</u>	<u>10,041,151</u>	<u>(11,077,167)</u>	<u>(3,070)</u>	<u>889,000</u>	<u>(1,625,296)</u>
<b>Restricted fixed asset funds</b>						
General Fixed Asset Fund	4,364,410	5,247,933	(497,798)	3,070	-	9,117,615
Total restricted funds	<u>2,889,200</u>	<u>15,289,084</u>	<u>(11,574,965)</u>	<u>-</u>	<u>889,000</u>	<u>7,492,319</u>
Total of funds	<u>3,296,653</u>	<u>16,316,961</u>	<u>(11,863,102)</u>	<u>-</u>	<u>889,000</u>	<u>8,639,512</u>

**20. Analysis of net assets between funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	10,204,399	10,204,399
Current assets	1,103,646	1,528,097	1,148,645	3,780,388
Creditors due within one year	-	(779,822)	-	(779,822)
Creditors due in more than one year	-	(12,402)	-	(12,402)
Provisions for liabilities and charges	-	(2,681,000)	-	(2,681,000)
	<u>1,103,646</u>	<u>(1,945,127)</u>	<u>11,353,044</u>	<u>10,511,563</u>

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**Notes to the Financial Statements**  
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**20. Analysis of net assets between funds (continued)**

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

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	-	8,556,448	8,556,448
Current assets	1,170,913	1,623,971	561,167	3,356,051
Creditors due within one year	(23,720)	(775,865)	-	(799,585)
Creditors due in more than one year	-	(12,402)	-	(12,403)
Provisions for liabilities and charges	-	(2,461,000)	-	(2,461,000)
	<u>1,147,193</u>	<u>(1,625,296)</u>	<u>9,117,615</u>	<u>8,639,511</u>

**21. Reconciliation of net movement in funds to net cash flow from operating activities**

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	<b>1,064,051</b>	4,453,859
<b>Adjustment for:</b>		
Depreciation charges	<b>178,963</b>	68,191
Interest	<b>(15,895)</b>	(7,738)
Increase in debtors	<b>(267,004)</b>	(487,333)
Decrease in creditors	<b>(19,757)</b>	(14,316)
Capital grants from DfE and other capital income	<b>(1,516,967)</b>	(1,059,586)
Defined benefit pension scheme finance cost	<b>73,000</b>	60,000
Assets inherited on conversion	<b>(90,970)</b>	(4,104,522)
Defined benefit pension scheme cost less contributions payable	<b>469,000</b>	307,000
Defined benefit pension scheme obligation inherited	<b>486,000</b>	260,000
<b>Net cash provided by/(used in) operating activities</b>	<b><u>360,421</u></b>	<u>(524,445)</u>

**22. Analysis of cash and cash equivalents**

	2018 £	2017 £
Cash in hand	<b>2,723,456</b>	2,566,118
<b>Total</b>	<b><u>2,723,456</u></b>	<u>2,566,118</u>

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**23. Assets inherited from other Academy Trusts**

On 1 September 2017 West Malling Church of England Primary School joined the academy trust from another academy trust. The operations and assets and liabilities were transferred to The Tenax Schools Trust from West Malling Church of England Academy Trust for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as donations - transfer from other academy trust

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 improvements	-	-	89,458	89,458
Furniture and equipment	-	-	1,512	1,512
Unspent capital grants	-	-	9,424	9,424
Budget surplus/(deficit) on other school funds	93,287	-	-	93,287
LGPS pension surplus/(deficit)	-	(486,000)	-	(486,000)
Net assets/(liabilities)	<u>93,287</u>	<u>(486,000)</u>	<u>100,394</u>	<u>(292,319)</u>

The above net assets/liabilities include £97,482 transferred as cash.

**24. Pension commitments**

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County Council and East Sussex County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £120,248 were payable to the schemes at 31 August 2018 (2017 - £98,916) and are included within creditors.

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**24. Pension commitments (continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £903,114 (2017 - £752,572).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £530,000 (2017 - £365,000), of which employer's contributions totalled £404,000 (2017 - £279,000) and employees' contributions totalled £126,000 (2017 - £86,000). The agreed contribution rates for future years are 20% (KCC) and 15% (ESCC) for employers and 5.5% to 12.5% for employees.

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**24. Pension commitments (continued)**

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.

**Kent County Council Pension Fund**

Principal actuarial assumptions:

	<b>2018</b>	<b>2017</b>
Discount rate for scheme liabilities	<b>2.65 %</b>	2.60 %
Rate of increase in salaries	<b>3.80 %</b>	4.20 %
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	2.70 %

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

	<b>2018</b>	<b>2017</b>
Retiring today		
Males	<b>23.1</b>	23
Females	<b>25.2</b>	25.1
Retiring in 20 years		
Males	<b>25.3</b>	25.2
Females	<b>27.5</b>	27.4

**East Sussex County Council Pension Fund**

Principal actuarial assumptions:

	<b>2018</b>	<b>2017</b>
Discount rate for scheme liabilities	<b>2.80 %</b>	2.50 %
Rate of increase in salaries	<b>2.70 %</b>	2.80 %
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	2.40 %

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

	<b>2018</b>	<b>2017</b>
Retiring today		
Males	<b>22.1</b>	22.1
Females	<b>24.4</b>	24.4
Retiring in 20 years		
Males	<b>23.8</b>	23.8
Females	<b>26.3</b>	26.3

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**Notes to the Financial Statements**  
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**24. Pension commitments (continued)**

**Sensitivity analysis (Kent County Council Pension Fund)**

	<b>2018</b>	<b>2017</b>
0.5% decrease in Real Discount Rate	£148,000	£128,000
0.5% increase in Salary Increase Rate	£20,000	£21,000
0.5% increase in the Pension Increase Rate	£127,000	£105,000

**Sensitivity analysis (East Sussex County Council Pension Fund)**

	<b>2018</b>	<b>2017</b>
0.1% decrease to discount rate	£133,000	£105,000
0.1% increase in Salary Increase Rate	£11,000	£14,000
0.1% increase in the Pension Increase Rate	£122,000	£91,000
+1 year increase in life expectancy	£221,000	£173,000

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

	<b>Fair value at 31 August 2018 £</b>	<b>Fair value at 31 August 2017 £</b>
Equities	<b>3,436,000</b>	2,618,000
Gilts	<b>31,000</b>	21,000
Corporate bonds	<b>487,000</b>	388,000
Target return portfolio	<b>277,000</b>	114,000
Property	<b>595,000</b>	438,000
Cash and other liquid assets	<b>152,000</b>	123,000
<b>Total market value of assets</b>	<b><u>4,978,000</u></b>	<b><u>3,702,000</u></b>

The actual return on scheme assets was £224,000 (2017 - £443,000).

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

	<b>2018 £</b>	<b>2017 £</b>
Current service cost	<b>(872,000)</b>	(585,000)
Admin expenses	<b>(1,000)</b>	(1,000)
Interest income	<b>118,000</b>	63,000
Interest cost	<b>(191,000)</b>	(123,000)
Transferred in on existing academies joining the trust	<b>(486,000)</b>	-
<b>Total</b>	<b><u>(1,432,000)</u></b>	<b><u>(646,000)</u></b>

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**24. Pension commitments (continued)**

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	6,163,000	5,200,000
Upon conversion	-	668,000
Transferred in on existing academies joining the trust	1,096,000	-
Current service cost	872,000	585,000
Interest cost	191,000	123,000
Employee contributions	126,000	86,000
Actuarial gains	(656,000)	(475,000)
Benefits paid	(133,000)	(24,000)
Closing defined benefit obligation	<u>7,659,000</u>	<u>6,163,000</u>

Movements in the fair value of the Academy Trust's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	3,702,000	2,477,000
Upon conversion	-	408,000
Transferred in on existing academies joining the trust	610,000	-
Interest income	118,000	63,000
Actuarial losses	152,000	414,000
Employer contributions	404,000	279,000
Employee contributions	126,000	86,000
Benefits paid	(133,000)	(24,000)
Administration expenses	(1,000)	(1,000)
Closing fair value of scheme assets	<u>4,978,000</u>	<u>3,702,000</u>

**25. Operating lease commitments**

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	35,429	37,176
Between 1 and 5 years	30,185	49,706
Total	<u>65,614</u>	<u>86,882</u>

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**Notes to the Financial Statements**  
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**26. 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.

**27. Related party transactions**

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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Rochester Diocesan Board own the legal title of the land and freehold property where the academy is situated therefore only the value of the land that is owned by the academy trust, comprising the school sports field and driveway, is included in these financial statements. There is no formal lease in place and the Rochester Diocesan Board do not charge any rent for the use of the property.

During the year £581,674 was received from the Bennett Memorial Diocesan School Charity as a contribution towards the 3G pitch, chaplain salary and other general charity administration expenses.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

**28. Post balance sheet events**

On 1 October 2018 Fordcombe CE Primary School joined the Academy Trust.

**The Tenax Schools Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**29. Teaching school trading account - SCITT**

	2018 £	2018 £	2017 £	2017 £
<b>Income</b>				
<b>Direct income</b>				
ESFA income	261,000		-	
<b>Other income</b>				
SCITT SFE and private funding	182,997		-	
<b>Total income</b>		443,997		-
<b>Expenditure</b>				
<b>Direct expenditure</b>				
Direct staff costs	88,380		-	
DBS checks	1,800		-	
Other staff costs	1,594		-	
Curriculum resources	65		-	
Educational consultancy	49,870		-	
Bursary payments	261,000		-	
<b>Total Direct expenditure</b>	402,709		-	
<b>Other expenditure</b>				
Other staff costs	18,846		-	
Professional fees non curriculum	50		-	
Non curriculum resources	597		-	
Administration expenses	989		-	
Payroll charges	714		-	
Subs and licenses	3,607		-	
Audit fees	1,000		-	
Hospitality and catering	478		-	
Furniture	1,871		-	
<b>Total Other expenditure</b>	28,152		-	
<b>Total expenditure</b>		430,861		-
<b>Surplus from all sources</b>		13,136		-
<b>Teaching school balances at 1 September 2017</b>		-		-
<b>Teaching school balances at 31 August 2018</b>		13,136		-