

THE KITE ACADEMY TRUST
(A company limited by guarantee)



ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



THE KITE ACADEMY TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

J G Allan
R H Murton
S G Thomas
M R Devitt

Trustees

J G Allan, Chairman
D L Andrews
K D Findlay
D Warwick
A Walsh
L Quinn (appointed 6 November 2017)
L Anstey (appointed 6 November 2017)
P Evans (appointed 11 December 2017)

Senior Management

C Dickinson, Chief Executive Officer
J Coleman, Head of Finance
J Godolphin, Head of Operations
J Rogers, Head Teacher Lakeside
J Ibbotson, Head Teacher Mytchett (resigned 15/04/18)
K Lye, appointed acting Head Teacher (job share) Mytchett (16/04/18 – 31/08/18)
S Andrews, appointed acting Head Teacher (job share) Mytchett (16/04/18- 31/08/18)
S Willans, Head Teacher Mytchett from 01/09/18
L Semper, Head Teacher Grove (resigned 30/04/18)
G West, appointed acting Head Teacher Grove (01/10/17-15/04/18)
J Ibbotson appointed Head Teacher Grove from 16/04/18
J Langston, Head Teacher Cross Farm (resigned 31/08/18)
A Peaple, Head Teacher Cross Farm (01/09/18 – 31/10/18)
S Meakin, Executive Head Teacher Cross Farm and Holly Lodge from 01/11/18
K Money, Head Teacher Sandringham
M Wilson, Head Teacher Wyke



THE KITE ACADEMY TRUST
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Company registered number

09785186

Company name

The Kite Academy Trust

Principal and registered office

Holly Lodge Primary School
Stratford Road
Ash Vale
Surrey GU12 5PX

Independent auditor

Wise & Co
Chartered Accountants and Statutory Auditors
Wey Court West
Union Road
Farnham
Surrey
GU9 7PT

Bankers

Lloyds Bank plc
PO Box 1000
BX1 1LT

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR



THE KITE ACADEMY 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 period 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 Trust also trades under the names Kite Academy and Kite.

The Trust was incorporated on 18 September 2015 and converted on 1 October 2015. The Trust was formed when five local primary schools converted to Academy Trust status under the Academies Act 2010. On the 1st December 2016, a sixth primary school, Holly Lodge Primary school, converted and joined the Trust, a seventh primary school, Wyke Primary school, converted and joined the Trust on 1st August 2018. The Trust operates academies for children aged 2-11 serving a catchment area around Frimley. There is a capacity of 2026 children across the Trust.

The Trust comprised of seven academies as at August 31st, 2018:

Cross Farm Infant School (4-7 year old Infant School)

The Grove Primary School (4-11 year old Primary School with a specialist COIN Centre)

Holly Lodge Primary School (4-11 year old Primary School)

Lakeside Primary and Nursery School (2-11 year old Primary School)

Mytchett Primary and Nursery School (2- 11 year old Primary School)

Sandringham Infant School & Little Badgers Nursery (4-7 year old school with a PVI for 2-4 year olds)

Wyke Primary School (4-11 year old primary school)

Structure, Governance and Management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the Academy Trust.

The Trustees of The Kite Academy Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the period are included in the reference and administrative details on page 1.

The Trust was incorporated on 18 September 2015 and converted to an Academy on 1 October 2015. The principal object is to advance for the public benefit of education in the United Kingdom.

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.

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c. Method of Recruitment and Appointment or Election of Trustees

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. The Board of Trustees at August 2018 comprised three founder Trustees and one co-opted Trustee, over the year three more independent Trustees were appointed. These Trustees were co-opted by the Trustees with the ratification of the members. The approach taken to recruiting new Trustees is Trust Board recommendation to the Members for ratification. We have used both local experts and Academy Ambassadors for the recruitment pool.

d. Policies and Procedures Adopted for the Induction and Training of Trustees

During the period under review the Board of Trustees met 11 times. Three new Trustees were recruited in this time. New Trustees are provided with an induction session with the Chair and Vice Chair. A formal Induction procedure is currently being developed and will be defined after feedback from new Trustees.

All Trustees have attended training courses for Trust Board members and a record of continuous professional development attended is kept by the clerk. The Trust seeks external support from agencies such as Educational Funding Agency, National Governors Association, GovernEd, DfE and Executive Educators for guidance on best practice. Trustees' feedback to other Trustees at Board Meetings and through Advisory Body meetings.

We have also run training courses for our LGBs to ensure they have a consistent understanding of their role within the Governance structure.

e. Pay Policy for Key Management Personnel

All key personnel within the academies are paid according to the national pay scales for teachers. For central Kite staff a starting salary is set by benchmarking against similar roles and responsibilities of personnel in other Academies and other types of companies, external advice is also sought. Incremental increases are given linked to performance where objectives have been met through the appraisal system. Other support staff across the Trust are part of the Kite Support Staff pay structure which has ensured a consistent approach to pay and the introduction of performance related pay against appraisal targets.

f. Organisational Structure

The Trust holds an Annual General Meeting each year as well as the other meetings in that year. This year the members have met on a termly basis with the Chair of the Trust Board and CEO.

The Trust Board have then met 11 times. The Trustees have established an overall framework for governance of the Academies and has determined membership, terms of reference and delegated powers for both LGBs, Advisory Bodies and other groups. The scheme of delegation clearly identifies the delegated powers and responsibilities of each group.



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FOR THE YEAR ENDED 31 AUGUST 2018

The Trust Board receives advice and recommendations from its Advisory Bodies and takes these into consideration when making decisions. It monitors the activities of Advisory Bodies through an agenda item on each Board meeting where the Board representative from the Advisory Body reports back. There are a number of working parties that have been set up to perform specific tasks and again a Board member will be on each of these groups. All LGBs are invited to have a skills based representation on each of these groups. This enables good communication between LGBs and the Trust Board.

There are currently the following Advisory Bodies:

1. **Finance, Audit and Risk (FAR) Advisory Body:** meets at least four times a year and is responsible for:
 - Supporting the Board of Directors by recommending a framework for establishing and maintaining for optimised employment given the resources available to the Trust.
 - Advising the Trust Board on financial planning, systems and controls to enable the proper management of the financial resources.
 - Developing strategies for the employment of staff, communications, procurement, value for money, health & safety and facilities management.
 - Supporting the Board of Directors in providing an added level of scrutiny in the monitoring of financial performance across the Trust and the performance of other consolidated services.
 - Keeping the Trust Board regularly informed of the Advisory Bodies activities and key decisions.
 - Monitoring the risk register and reporting high priority issues to the Trust Board.
 - Reviewing the auditor's report and consider recommendations to the Trust Board.
2. **HR Advisory Board:** meets at least four times a year and is responsible for:
 - Supporting the Board of Directors by recommending a framework for establishing and maintaining optimised employment off all staff within the Trust.
 - Keeping the Board of Directors regularly informed of the Advisory Bodies activities and key decisions.
3. **Estates and Infrastructure Advisory Board:** meets at least three times a year to:
 - Recommend to the Trust Board strategies to ensure that premises within the Academies are kept in good order and new projects are progressing as planned.
 - Provide advice on IT infrastructure across the Trust.
4. **Standards Advisory Board:** meets at least four times a year and is responsible for analysing the data across the Academies. Reporting to the Trust Board any areas of weakness and the strategies being put into place to support these.
5. **Technology Working Party:** has met this year to devise an IT strategy to ensure a consistent approach to IT and IT support across the Trust.

Chairs of LGBs meet termly to ensure that there is good communication between Academies and through to the Board. They review, recommend and implement best governance practice.

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The Management Board is made up of all Head Teachers, Head of Finance and Head of Operations, they meet every three weeks to ensure that standards across the Academies are high and supported if there are any concerns. They look at ways to ensure consistencies across the Academies and the day to day running of the Academies. The minutes from these meetings are available to the Board so they are kept informed.

The Trustees are responsible for adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy's use of budgets and data and making major decisions about the direction of the Trust and capital expenditure.

The Trustees have delegated powers to Head Teachers of each Academy for functions of internal organisation, management and control of the Academy and implementation of agreed policies. Also, the day to day responsibility for ensuring the financial controls conform to the requirements of both propriety and good financial management of the agreement between the Kite Academy Trust and the Secretary of State for Education. The Accounting Officer is responsible for reporting to the Board of Trustees any material weaknesses or break downs in financial controls.

The Management Board is responsible for controlling their Academy at an executive level, implementing policies and reporting back to the Trustees. The Head teacher and the Deputy of each Academy is responsible for authorising expenditure within agreed budgets as laid down in the Finance policy.

The Head Teacher is responsible for the appointment of staff in their Academy and the LGB for the Head Teacher of an Academy with advice from the CEO and ratification from the Board of Trustees.

g. Connected Organisations, Including related Party Relationships

The Trust has strong links with

- The schools in the Surrey Heath Learning Partnership
- The South Farnham Teaching School (SCITT programme)
- Salesian College (NQT programme)
- Local Universities (teaching practice students)
- Local secondary schools (work experience students)
- Two local junior schools (where the children from our two Infant schools move to)
- Surrey County Council Childcare and Early Years Services
- Surrey County Council Education department

No director received any remuneration in respect of their services as a Trustee during the year, nor for any work undertaken on behalf of the Trust.



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h. Trustees' Indemnities

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

Objectives and Activities

Mission

Our motto **"Flying high together"** underpins the vision of the Trust to work collaboratively to achieve our mission:

"Together we inspire a lifelong love of learning, which enables children to achieve more than they ever believed possible."

The main objectives of the Academy Trust during the year ended on 31st August 2018 are:

- To be a first class, collaborative and forward thinking family of local schools ensuring excellence in Primary Education.
- Our children will thrive and achieve as confident, caring, local, national and global citizens
- Families will embrace opportunities across Kite, helping to promote the best outcomes for all children
- Empowered teams will enhance expertise, share best practice and have the professional courage to explore possibilities
- With strategies in place for growth, the Multi Academy trust will develop sustainability, delivering excellent Primary Education in local communities

Activities for achieving objectives

The Key activities for achieving these objectives are summarised below:

A clear scheme of delegation shared with all LGBs

- Regular Management Board meetings for all Head Teachers and Executive team
- Network meetings for key members of staff – Deputies, SENDcos, Assessment leads, Year group teachers, Curriculum leads to share best practice
- Staff observing in other Academies to learn from best practice
- MIT – set up school improvement judgements and support through "MAT Improvement Triads"
- Developing a central business team to provide consistency for the business elements of the Trust and giving more time to the schools to look at the educational aspects for the children
- Further developing our Financial package across all Academies for consistent financial reporting

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Activities for Achieving Objectives (continued)

- Developing a new assessment recording system that is consistent across the MAT and training staff to use this efficiently.
- Development of the assessment system used across all schools to ensure a consistent approach to assessing children across the MAT
- Joint learning opportunities for children across the MAT
- Transition "Friendship Day" for all Infant children before their move to Junior school
- Joint staff meetings and INSET days
- CEO attending network meetings for CEOs, RSC and National School commissioner meetings, Surrey School Improvement meetings
- Moderation for consistency across the MAT on assessing children's learning
- Review of HR policies across the MAT to ensure consistent approach to people management
- Further finance policies across the MAT
- Reduced numbers of ABs to ensure efficiency of work. HR, FAR, Standards, Estates and Infrastructure
- Set up training for staff and Governors to further develop skill levels
- Working with Surrey Early Years to ensure a good service for our families as regards the Children's centre offer
- Working with Surrey SEN department to consider an offer of specialist provision within the Kite for local families

d. Public Benefit

In setting the Trust's objectives and activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

e. Main Activities Undertaken to Further the Charity's Purposes for the Public Benefit

- The Academies work with other schools in the Surrey Heath Learning Partnership to share practice and moderate learning
- We support the South Farnham Teaching School by training SCITT students and local Universities by supporting training opportunities for student teachers
- We support local secondary schools by giving opportunities for students to do work experience and to support aspects of training for different courses

Equal Opportunities

The Directors aim to establish equal opportunity in all areas of its activities, including creating a working environment in which the contribution and needs of everyone are fully valued.



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FOR THE YEAR ENDED 31 AUGUST 2018

Strategic Report

Achievements and performance

	Cross Farm	Grove	Holly Lodge	Lakeside	Mytchett	Sandringham	Wyke
School Capacity	172	420	420	420	210	180	210
Nos on roll	169	408	408	401	203	171	203
Special provision	0	14	0	0	0	0	0
Nos in provision	0	14	0	0	0	0	0
Nursery Provision	0	0	0	80	60	48	0
Nos in Nursery	0	0	0	74	46	36	0
% Attendance	96.79%	95.36%	96.86%	96.63%	96.07%	96.24%	96.30%
EYs GLD	85%	76%	89%	80%	80%	77%	70%
Phonics	88%	71%	73%	75%	77%	93%	90%
KS1 Ex+							
Read	85%	76%	82%	79%	70%	87%	70%
Write	79%	74%	85%	74%	70%	77%	67%
Maths	85%	76%	78%	82%	73%	82%	80%
RWM	73%	74%	70%	71%	67%	77%	60%
GDS							
Read	24%	37%	25%	38%	23%	35%	20%
Write	14%	29%	20%	20%	10%	20%	14%
Maths	24%	42%	13%	21%	17%	29%	17%
RWM	14%	27%	7%	12%	7%	17%	10%
KS2 Ex+							
Read		69%	82%	88%	74%		76%
Writing		82%	87%	80%	70%		90%
Maths		77%	78%	95%	63%		83%
GPS		85%	91%	89%	70%		79%
RWM		66%	72%	77%	52%		69%
GDS							
Read		29%	39%	38%	22%		24%
Writing		22%	23%	23%	19%		21%
Maths		15%	25%	29%	22%		24%
GPS		29%	33%	30%	30%		41%
RWM		12%	12%	7%	11%		14%

Key: Expected (Ex), Greater Depth (GDS), Grammar, Punctuation & Spelling (GPS)

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FOR THE YEAR ENDED 31 AUGUST 2018

a. Key Financial Performance Indicators

The table below shows the Trust's KPIs for the period:

	Cross Farm	Grove	Holly Lodge	Lakeside	Mytchett	Sandringham	Wyke
Pupil No. (on Roll)	169	408	408	401	203	171	203
Nursery Places				44	30	24	
Adjusted Pupil No's	169	408	405	445	233	195	203
Staff Pay as % total Expenditure	71%	76%	76%	76%	75%	77%	61%
Average Teacher Cost	57,139	60,958	50,727	69,764	60,151	62,455	62,866
Pupil to Teacher Ratio	22	19	19	23	17	18	20
Teaching staff expenditure per pupil	2,603	3,242	2,698	3,100	3,479	3,557	3,097
Staff Expenditure per pupil	3,184	3,608	3,030	3,435	4,218	4,367	3,343
Non-Staff Expenditure Per Pupil	581	366	332	335	740	809	246

We intend to use the above achievement and financial data to evaluate performance across schools within Kite Academy Trust, and also to benchmark with other similar size Academies. We will use this information to identify areas of best practice which will help us continually improve what we do for the benefit of our children.



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b. Review of Activities

During the year the Trust achievements were as follows:

- To convert a seventh converter Academy (achieved)
- To further develop the central business team to support all Trust academies (achieved)
- To set up a central office for the central team (achieved)
- To set up the budget module to set up budgets for 2018/19 and provide a three year forecast (achieved)
- To introduce Kite support staff pay to sixth Academy (achieved)
- To use existing staff to support needs in other schools on a temporary or permanent basis (achieved)
- To provide opportunities for staff to develop within the Trust by providing opportunities in other Trust schools (achieved)
- To enter into discussions with other schools wanting to convert (achieved)
- To develop and train staff on new assessment system across all Academies (achieved)
- To provide training opportunities for staff and Governors across the Trust (achieved)
- To provide trust wide training for all staff to hear the same message from high quality speakers (achieved)
- To set up project work across the Kite to improve consistent practice and develop staff (achieved)
- To develop teams centrally for Estates and HR (achieved)
- To develop our caretakers to form a team to support work across the Trust on our Estates (achieved)
- To develop the school provision at Cross Farm to ensure adequate space for more children (achieved)
- To develop our Nursery provision at Mytchett to include 2 year olds (achieved)
- To increase shared learning experiences for children across the Trust (achieved)
- To employ an Inclusion Manager lead to support and develop our Inclusion Managers (previously SENDcos) across the Trust (achieved)
- To employ IT Manager to lead IT support and development across the Trust (achieved)
- To investigate technical solutions to introduce a more efficient system for HR (achieved)
- To investigate technical solutions to introduce a more efficient system for Estate Management (achieved)

c. Investment Policy and Performance

The Trustees are committed to ensuring that all funds under their control are managed in a way as to maximise return whilst minimising risk. The Trust's investment objectives are:

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements.
- Only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn.
- To ensure there is no risk of loss in the capital value of any cash funds invested.
- To protect the capital value of any invested funds against inflation.
- To optimise returns on invested funds.

Surplus funds can be invested in the short term in cash management accounts, deposit accounts, bills of exchange, certificates of deposit or money market funds.



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Financial Review

a. Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the 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 Accounting Policies.

b. Financial Report for the Year

The majority of Kite Academy Trust's income is obtained from the Education Skills and Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2017/2018 and associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The net movement in funds for the year was an increase of £1 million including depreciation and amortisation of £361,829 and adjustments to pension schemes. Total fund balances before fixed asset fund and pension reserves totalled £1.4 million. This is outlined in more detail in note 20.

The overall financial position was in line with budget and reflects a number of exceptional items including;

- Balance brought forward on conversion
- Refurbishment of caretakers bungalow at Holly Lodge
- IT investment across schools
- Set up and development of centralised admin team

c. Principal Risks and Uncertainties

The Academy has made a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. The recognised risks, and arrangements for managing present and future risks are recorded in KAT's risk register.

The main financial risks for the Academy are the considerable reliance on continued government funding through the ESFA and the concerns that the funding may change and leave a shortfall for the Trust. Other risks include the following:

- Under capacity within schools
- Changes in funding formulas
- Failure to recruit and retain high quality staff
- Failure to grow the MAT in accordance with strategic plans
- Failure of key infrastructure leading to unplanned closures
- Poor performance of IT infrastructure impacting on the quality of teaching

The Board of Trustees is also aware that the Local Government Pension scheme represents a potential liability. However, the Trustees consider that the Academy will be able to meet its known annual contribution commitment.

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d. Reserves Policy

The policy of Kite Academy is to carry forward a prudent level of resources designed to meet the capital programme, long-term development plans, cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE.

Plans are in place to spend restricted and unrestricted reserves on the following projects:

- extension of Little Badgers nursery at Sandringham Academy
- building development and IT investment at Lakeside Academy
- hall extension project at Holly Lodge Academy and IT investment
- investment in premises and IT at Grove Academy
- investment in premises at Mytchett Academy
- investment in premises at Wyke Academy
- The staff absence cover has been earmarked to support schools with long term absence cover
- Investment in school improvement across the Trust

All this work will benefit the children who attend our Kite Academies.

e. Deficit

The Academy currently has a projected deficit on the Local Government Pension scheme of £3,149,000. Details of this are outlined in Note 25.

f. Material Investments Policy

The Academy is able to invest any excess funds (over and above the required day to day funds) in the following types of investment:

- Cash Management accounts
- Term deposit accounts or instant access deposit account
- Accepted or endorsed bills of exchange
- Negotiable, convertible or transferrable certificates of deposit
- Money market funds

The investment of school funds in shares or other financial products is not allowed due to the higher risk attached to these investments.

To manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £300,000 (per school) with any PRA authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA)). Whilst this exceeds the protection limit of £85,000 provided by the FSCS it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria outlined in this policy.



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g. Fundraising

The Academy does not currently undertake any fundraising activities.

Future Developments

The future plans for the Trust include the following objectives:

- To continue to focus on the improved outcomes for pupils
- To continue to attract high quality teachers and support staff in order to provide high quality education for our children
- To develop an efficient and consistent staffing structure across the Trust
- To grow the Trust to 10+ local primary schools by 2020
- To continue to develop economies of scale and consistencies across the MAT through central business team
- To increase support for school improvement across the MAT
- To replace the existing buildings that have been identified by the DfE as in poor condition at Lakeside Primary school
- To extend the Nursery provision across the Trust in Sandringham and investigate provision for the schools who do not currently offer Nursery places
- To continue to develop the use of financial systems to its potential
- To introduce an HR system for people management
- To introduce an Asset system for estates management
- To undertake a feasibility study of the swimming pool site at Mytchett Primary School
- To extend the hall capacity at Holly Lodge
- To increase in house out of school hours provision for our children

Funds Held as Custodian

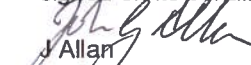
The Academy and its Trustees do not act as the Custodian Trustees of any other charity.

Disclosure of Information to Auditor

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

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

This report was approved by order of the Board of Trustees as the company directors, on 4 December 2018 and signed on its behalf by:


J Allan
Chair of Trustees



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GOVERNANCE STATEMENT

Scope of Responsibility

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

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 Kite Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

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 11 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J G Allan, Chairman	11	11
D L Andrews	11	11
K D Findlay	9	11
D Warwick	6	11
A Walsh	7	11
L Anstey	7	8
P Evans	4	7
L Quinn	8	9
C H Dickinson, Chief Executive Officer	11	11

We have had no resignations from the Board over this academic year and three new Trustees joined in November and December 2017.

Finance, Audit and Risk is an Advisory Board to the main Board of Trustees. The Finance, Audit and Risk Advisory Board has formally met 4 times during the period. Attendance at meetings in the period was as follows:

Committee member	Meetings attended	Out of a possible
J Clague, Chair	4	4
D Warwick, Board Member	1	3
C Dickinson, Chief Executive	4	4
J Coleman, Head of Finance	4	4
R Green	4	4
M Rees	2	3
C McQueen	3	4
J Rogers	1	1

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GOVERNANCE STATEMENT

Committee member	Meetings attended	Out of a possible
A Walsh, Board Member	2	4
R McKee	2	4
A Ross	4	4
L Anstey	0	2
N Houghton	1	1
R Water-Duke	1	2

Review of Value for Money

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

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

- Staff cost saving resulting from the creation of a LGPS pooled MAT fund
- Generating efficiencies through the creation of a Kite central business team service to deliver financial, HR and estates services across Kite schools
- Investment in a cloud based IT system to enable future growth and centralisation of financial systems
- Procurement of services through better buying power of a larger organisation
- Investing surplus cash balances on 32 day notice deposit with Lloyds Bank Plc
- Collaboration of teaching expertise and resources, to deliver the best learning environment and experience for our children
- Performing business functions in-house previously procured, e.g. finance, premises and GDPR

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 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 Kite Academy Trust for the period 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, which has been in place for the period 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 KITE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance, Audit and Risk Advisory Board 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 appointed Wise & Co as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, 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.

Wise & Co delivered their schedule of work as planned, including assessing the benefits of the central team. Their findings and recommendations did not include any material system control issues.

Review of Effectiveness

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

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



THE KITE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

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

Approved by order of the members of the Board of Trustees on 4 December 2018 and signed on their behalf, by:


J Allan, Chairman
Chair of Trustees


C Dickinson, Chief Executive
Accounting Officer



THE KITE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Kite Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with EFSA terms & conditions of funding, under the funding agreement in place between the Academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregularity 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.

C. Dickinson

C Dickinson
Accounting Officer

Date : 4 December 2018

THE KITE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2017 and the Annual Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

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



J Allan
Chair of Trustees

Date: 4 December 2018



THE KITE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of The Kite Academy Trust (the '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 ESFA.

In our opinion the financial statements:

- give a true and fair view of the state of the 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 ESFA.

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 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'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 KITE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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



THE KITE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees, who are also the directors of The Kite 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 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 or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the trust'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 trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

m. Dickinson

Mark Dickinson FCA (Senior Statutory Auditor)

Wise & Co

Chartered Accountants and Statutory Auditors

Wey Court West

Union Road

Farnham

Surrey

GU9 7PT

Dated:

15 11 2018

THE KITE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE KITE ACADEMY TRUST
AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 23 October 2015 and further to the requirements of the Education and 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 KITE Academy 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 KITE Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to KITE Academy 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 KITE Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of KITE Academy Trust's funding agreement with the Secretary of State for Education dated 30 September 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's income and expenditure.



THE KITE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE KITE ACADEMY TRUST
AND THE EDUCATION AND SKILLS FUNDING AGENCY**

As a firm we have taken the decision to use the Mercia work programme for regularity assurance work as approved by the ICAEW. The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry;
- identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion

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.

M. Dickinson

Mark Dickinson FCA (Senior Statutory Auditor)

Wise & Co
Chartered Accountants & Statutory Auditors
Wey Court West
Union Road
Farnham
Surrey
GU9 7PT

Date: 15/12/2018

THE KITE ACADEMY TRUST
(A company limited by guarantee)
Registered number: 09785186 (England and Wales)



**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

		Unrestricted funds 2018	Restricted funds 2018	Restricted fixed asset fund 2018	Total funds 2018	Total funds 2017 (as restated)
	Note	£	£	£	£	£
Income from:						
Donations & capital grants:						
Transfer from local authority on conversion	2	112,522	(192,000)	1,169,307	1,089,829	12,570,017
other donations and capital grants	2	64,654	26,539		91,193	60,145
Charitable activities	3	203,656	8,070,901		8,274,557	7,675,233
Other trading activities	4	321,578			321,578	248,030
Investments	5	5,709			5,709	4,261
Total Income		708,120	7,905,441	1,169,307	9,782,866	20,557,686
Expenditure on:						
Charitable activities	6,7,20	449,653	8,506,353	361,829	9,317,835	8,721,067
Total Expenditure		449,653	8,506,353	361,829	9,317,835	8,721,067
Net income/(expenditure) before transfers		258,467	(600,912)	807,478	465,031	11,836,619
Transfers between funds	20		(34,385)	34,385		
Net income/(expenditure) before other recognised gains and losses		258,467	(635,297)	841,863	465,031	11,836,619
Actuarial gains/(losses) on defined benefit pension schemes	25		517,000		517,000	468,000
Net movement in funds		258,467	(118,297)	841,863	982,031	12,304,619
Reconciliation of funds:						
Total funds brought forward		1,068,117	(2,956,702)	31,690,692	29,802,108	17,497,488
Total funds carried forward		1,326,584	(3,074,999)	32,532,555	30,784,140	29,802,107

All the Academy's activities relate to continuing operations and the prior period covers the period from incorporation on 18 September 2015 to 31 August 2018.

THE KITE ACADEMY TRUST

(A company limited by guarantee)
Registered number: 09785186 (England and Wales)



BALANCE SHEET

AS AT 31 AUGUST 2018

	Note	2018 £	2017 (as restated) £
Fixed assets			
Intangible assets	15	13,611	20,414
Tangible assets	16	32,518,938	31,670,279
		32,532,549	31,690,692
Current assets			
Debtors	17	407,132	227,588
Cash at bank and in hand	23	1,819,043	1,911,192
		2,226,175	2,138,780
Liabilities			
Creditors: amounts falling due within one year	18	(825,582)	(976,365)
Net current assets		1,400,593	1,162,415
Total assets less current liabilities		33,933,142	32,853,107
Defined benefit pension scheme liability	25	(3,149,000)	(3,051,000)
Total net Assets		30,784,140	29,802,107
Funds of the academy			
Restricted funds			
Restricted income funds	20	-	57,043
DFE project delivery grant	20	74,000	37,255
Restricted fixed asset fund	20	32,532,555	31,690,692
Pension reserve	20	(3,149,000)	(3,051,000)
Total restricted funds		29,457,555	28,733,990
Unrestricted income funds	20	1,326,584	1,068,117
Total funds		30,784,140	29,802,107

The financial statements were approved by the Trustees, and authorised for issue, on 4 December 2018 and are signed on their behalf, by:


J G Allan

Chair of Trustees (The notes on pages 29 to 65 form part of these financial statements)



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 (as restated) £
Cash flows from operating activities			
Net cash provided by operating activities	22	(256,693)	155,240
Cash flows from investing activities:			
Purchase of intangible fixed assets			
Purchase of tangible fixed assets		(34,385)	(117,496)
Capital funding received from sponsors and others		80,688	95,110
Cash transferred from Local Authority on conversion		<u>112,533</u>	<u>314,765</u>
Net cash provided by investing activities		<u>158,836</u>	<u>292,379</u>
Interest received	5	5,709	4,261
Net cash provided by financing activities		<u>5,709</u>	<u>4,261</u>
Change in cash and cash equivalents in the period		(92,148)	451,880
Cash and cash equivalents brought forward		<u>1,911,191</u>	<u>1,459,059</u>
Cash and cash equivalents carried forward	23	1,819,043	1,911,191



THE KITE ACADEMY TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies

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

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 Kite Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Company Status

The Academy is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

1.3 Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting policies (continued)

1.4 Income

All income is recognised once the Academy 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 incorporating income and expenditure account 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.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

Other income, including the hire of facilities, extended day and nursery fees 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.

1.5 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.



THE KITE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting policies (continued)

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

All resources expended are inclusive of irrecoverable VAT.



THE KITE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting policies (continued)

1.6 Going Concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy 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.

1.7 Intangible Fixed Assets and Amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life as follows:

Amortisation is provided at the following rates:

Software - 20% straight line

1.8 Tangible Fixed Assets and Depreciation

One or more assets costing more than £1,000 are capitalised.

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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 incorporating income and expenditure account.

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



THE KITE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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:

Long-term leasehold property	-	2% straight line
Fixtures and fittings	-	15% straight line
Motor Vehicles	-	20% straight line
Computer equipment	-	33% straight line

1.9 Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Operating Leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.11 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.

1.12 Cash at Bank and in hand

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

1.13 Liabilities and Provisions

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

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.



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1.14 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 17. Prepayments are not financial instruments

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 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 instrument.

1.15 Taxation

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

1.16 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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



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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 incorporating income and expenditure account 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1.17 Critical Accounting Estimates and Areas of Judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation was 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.



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2. Income from donations and capital grants

	Unrestricted funds	Restricted funds	Restricted fixed asset fund	Total funds	Total funds 2017 (as restated)
	2018	2018	2017	2018	
	£	£	£	£	£
Transfer from local authority on conversion	112,522	-192,000	1,169,307	1,089,829	12,570,017
Donations	64,654	26,539		91,193	37,400
Capital Grants					22,745
Total donations and capital grants	177,176	-165,461	1,169,307	1,181,022	12,630,162

	Unrestricted funds	Restricted funds	Restricted fixed asset fund	Total funds
	2017	2017	2017	2017
	£	£	£	£
Total 2017 donations & capital grants	329,658	(198,241)	12,498,745	12,630,162

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**NOTES TO THE FINANCIAL STATEMENTS
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3. Funding for Academy's educational operations

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2018	2018	2018	2017
	£	£	£	£
DfE/EFSA grants				
General annual grant (GAG)		5,669,829	5,669,829	5,312,505
Start up grants		25,000	25,000	25,000
Other EFSA/Dfe grants		827,470	827,470	782,483
Devolved formula capital grant		43,943	43,943	35,110
DFE project delivery grant		36,745	36,745	37,255
Pupil Premium		342,750	342,750	314,331
Rates relief		24,994	24,994	23,806
Sports grant		110,360	110,360	49,445
Universal infant free school meals		310,490	310,490	313,729
		7,391,582	7,391,582	6,893,664
Other government grants				
Special educational needs		155,182	155,182	119,676
SCITT funding		10,605	10,605	5,955
Other local authority		513,532	513,532	467,942
		679,319	679,319	593,573
Other Income from the academy trust's educational operations				
Other Income	203,656		203,656	187,996
	203,656		203,656	187,996
	203,656	8,070,901	8,274,557	7,675,233
Total 2017 funding for educational operations	187,996	7,487,237	7,675,233	



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4. Other trading activities

	Unrestricted funds 2018	Restricted funds 2018	Total funds 2018	Total funds 2017
	£	£	£	£
Other Income	22,730		22,730	34,962
Schooling Services	243,936		243,936	163,626
Rental Income	54,912		54,912	49,442
	<u>321,578</u>	<u>-</u>	<u>321,578</u>	<u>248,030</u>

In the prior year all income was unrestricted

5. Investment Income

	Unrestricted funds 2018	Restricted funds 2018	Total funds 2018	Total funds 2017
	£	£	£	£
Short term deposits	5,709		5,709	4,261

In the prior year all income was unrestricted

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. Direct costs

	Governance	Educational Operations	Total 2018	Total 2017 (as restated)
	£	£	£	£
Pension finance cost		79,000	79,000	66,000
Teaching & Educational support		33,411	33,411	33,562
Staff related insurance		7,366	7,366	81,411
Educational supplies		343,335	343,335	329,803
Technology costs		67,881	67,881	75,231
Educational consultancy		97,465	97,465	96,306
Staff development		71,364	71,364	51,174
Travel & subsistence		4,845	4,845	3,203
Depreciation		355,026	355,026	324,337
Wages and salaries		4,456,619	4,456,619	4,033,000
National Insurance		389,640	389,640	352,443
Pension cost		1,132,952	1,132,952	983,094
	-	7,038,904	7,038,904	6,429,563



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7. Support costs

	Governance	Educational Operations	Total 2018	Total 2017
	£	£	£	£
Catering		335,679	335,679	334,281
Other support costs	90	137,022	137,112	173,208
Bank charges & interest		397	397	792
Operating lease rentals		12,133	12,133	10,772
Recruitment and support		9,953	9,953	18,676
Premises Costs		525,328	525,328	680,528
Technology Costs		60,846	60,846	63,595
Travel & Subsistence		87	87	837
Audit and accountancy fees	23,100		23,100	30,351
Legal and professional	19,523	50,831	70,354	20,260
Amortisation		6,803	6,803	6,804
Wages and salaries		870,194	870,194	732,672
National Insurance		61,071	61,071	50,781
Pension Cost		165,872	165,872	167,948
	42,713	2,236,216	2,278,929	2,291,503

8. Expenditure

	Staff costs 2018	Premises 2018	Other 2018	Total 2018	Total 2017 (as restated)
	£	£	£	£	£
Educational operation (excluding governance):					
Direct Costs	6,012,623	343,335	682,946	7,038,904	6,429,563
Support Costs	1,097,138	525,328	613,750	2,236,216	2,240,892
	7,109,761	868,663	1,296,696	9,275,121	8,657,611

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9. Net Incoming resources/(resources expended)

This is stated after charging

	2018	2017
	£	£
Depreciation of tangible fixed assets	355,026	324,338
Amortisation of intangible fixed assets	6,803	6,804
Governance internal audit costs	1,100	2,200
Governance audit costs	22,000	21,450
Operating lease rental	12,133	10,772



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10. Staff Costs

	2018 £	2017 £
Wages and salaries	5,326,814	4,765,671
Social Security Costs	450,712	403,224
Operating costs of defined benefit pension schemes	1,298,824	937,042
	7,076,350	6,105,938
Supply teacher costs	33,411	33,562
	<u>7,109,761</u>	<u>6,139,499</u>

Included in staffing costs is a settlement within a compromise agreement payment totalling £20,000 (2017: nil). This payment was made on 30th April 2018.

The average number of persons employed by the academy:

HEADCOUNT	2018 No.	2017 No.	FTE	2018 No.	2017 No.
Teachers	98	90	Teachers	78	76
Administrative	199	185	Administration	119	125
Management	17	14	Management	16	14
	<u>314</u>	<u>289</u>		<u>213</u>	<u>215</u>

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	4	3
In the band £70,001 - £80,000	1	1

All of the above employees participated in the Teachers' Pension Scheme.

During the period ended 31 August 2018, pension contributions for these staff amounted to £52,187 (2017: £45,307)

Key management comprise the senior leadership team.

During the period the aggregate key management personnel remuneration (including employer pension and N.I. contributions) was £737,985 (2017: £517,183)

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FOR THE YEAR ENDED 31 AUGUST 2018**

11. Central Services

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

- Legal Services
- Financial Services
- Chief Executive Services
- HR Services
- Estate Management
- GDPR Compliance

The Academy charges for these services on the following basis:

8% of GAG from each school with effect from Sept 2017, based only on school allocation of income.

The actual amounts charged during the period were as follows:

	2018	2017
	£	£
Cross Farm Infant School	45,574	22,200
The Grove Primary School	117,840	60,360
Holly Lodge Primary School	110,400	41,040
Lakeside Primary School	108,960	52,440
Mytchett Primary School	64,440	32,040
Sandringham School	54,600	27,720
Wyke Primary School	5,500	-
Total	<u>507,314</u>	<u>235,800</u>

12. 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.



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13. Trustees' Remuneration and Expenses

The Chief Executive Officer has been paid remuneration or has received other benefits from an employment with the Academy Trust. They only receive remuneration in respect of services they provide undertaking the role of Chief Executive Officer under their contract of employment

During the period ended 31 August 2018, there were no Trustee expenses reimbursed or paid directly to any Trustee. (2017: £126)

14. Other finance income

	2018	2017
	£	£
Interest income on pension scheme assets	62,000	40,000
Interest on pension scheme liabilities	(141,000)	(106,000)
	<u>(79,000)</u>	<u>(66,000)</u>

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15. Intangible fixed assets

	Software £
Cost	
At 1st September 2017	34,021
Additions	-
At 31st August 2018	<u>34,021</u>
Amortisation	
At 1st September 2017	13,607
Charge for the period	6,803
At 31st August 2018	<u>20,410</u>
Carrying amount	
At 31st August 2018	<u><u>13,611</u></u>
At 31st August 2017	<u><u>20,414</u></u>



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16. Tangible Fixed Assets

	Long-term leasehold property £	Fixtures and fittings £	Computer Equipment £	Motor Vehicles £	Total Fixed Assets £
Cost					
At 1 September 2017 (as previously stated)	23,436,482	38,897	126,987	12,995	23,615,360
Prior Year adjustment (see note 19)	8,602,283				8,602,283
At 1 September 2017 as restated	32,038,765	38,897	126,987	12,995	32,217,644
Additions	1,169,307	-	34,385	-	1,203,692
As at 31st August 2018	33,208,072	38,897	161,372	12,995	33,421,336
Depreciation					
At 1 September 2017 (as previously stated)	495,437	5,629	30,859	2,599	534,524
Prior Year adjustment (see note 19)	12,846				12,846
At 1 September 2017 as restated	508,283	5,629	30,859	2,599	547,370
Charge for the period	301,641	5,835	44,951	2,599	355,026
As at 31st August 2018	809,924	11,464	75,810	5,198	902,396
Net Book Value					
As at 31st August 2018	32,398,148	27,433	85,561	7,797	32,518,939
As at 31st August 2017 (as restated)	31,530,482	33,267	96,127	10,396	31,670,272

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The land and buildings are held under 125-year lease agreements with Surrey County Council commencing 1 October 2015, 1 December 2016 and 31 July 2018 at nil cost. Included in land and buildings is leasehold land valued at £18.1 million which is not depreciated.

The land and buildings, at Wyke Primary School were valued at £1.2million on 31 March 2014 by an independent valuer.

Land and buildings at Holly Lodge Primary School were valued at £12.5 million by EFSA dated 31st August 2017. A prior year adjustment has been made to recognise the EFSA valuation dated 31st August 2017. This decision has been taken by the Trustees to represent Fair Value as defined by the International Financial Reporting Standards.

Land and buildings at the remaining schools was valued at £19.5 million by ESFA dated 31st March 2016.



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17. Debtors

	2018 £	2017 £
Trade debtors	9,702	5,911
VAT repayable	38,393	84,731
Other debtors	324	2,523
Prepayments and accrued income	358,713	134,423
	<u>407,132</u>	<u>227,588</u>

18. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	200,908	180,388
Other taxation and social security	112,121	118,849
Other creditors	124,619	115,392
Accruals and deferred income	387,935	561,735
	<u>825,582</u>	<u>976,365</u>

Deferred Income

	£
Deferred income at 1st September 2017	238,599
Resources deferred during the year	256,014
Amounts released from previous year	<u>(238,599)</u>
Deferred income at 31st August 2018	<u>256,014</u>

Deferred income includes Universal Free School Meals funding for 2018/19 of £181,121; DFC funding for 2018/19 £44,153, Children's Centre funding £7,301 and breakfast/after school club monies for 2018/19 £10,439, Holly Lodge friends donation £13k.

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19. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made following the publication of the EFSA Valuation Report of Holly Lodge Primary School dated 31st August 2017. The valuation used in the prior year was the latest valuation dated 31st March 2014 by Surrey County Council.

The opening reserves at 1st September 2017 have been increased by £8,589,437 to reflect this.



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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	2018 Brought Forward (as restated) £	2018 Income £	2018 Expenditure £	2018 Transfers in/out £	2018 Gains/ (Losses) £	2018 Carried Forward £
Unrestricted funds						
General Fund	995,885	504,463	(262,766)			1,237,582
School Fund	72,231	203,656	(186,887)			89,000
	<u>1,068,116</u>	<u>708,119</u>	<u>(449,653)</u>			<u>1,326,582</u>
Restricted funds						
Restricted donations		26,539	(26,539)			
General annual grant (GAG)		5,669,829	(5,635,444)	(34,385)		
Start up grant		25,000	(25,000)			
Other EFA/DFE grants		827,470	(827,470)			
Sponsorship grant	36,787		(36,787)			
Devolved formula capital grant		43,943	(43,943)			
DFE project delivery grant	37,255	36,745				74,000
Pupil premium		342,750	(342,750)			
Rates relief		24,994	(24,994)			
Sports grant		110,360	(110,360)			
Universal Infant free school meals		310,490	(310,490)			
Other local authority grants		503,532	(503,532)			
CAMHS Transformation Funding	20,256	10,000	(30,256)			
Special educational needs (SEN)		155,182	(155,182)			
SCITT funding		10,605	(10,605)			
Pension Reserve	(3,051,000)	(192,000)	(423,000)		517,000	(3,149,000)
	<u>(2,956,703)</u>	<u>7,905,440</u>	<u>(8,506,353)</u>	<u>(34,385)</u>	<u>517,000</u>	<u>(3,075,000)</u>
Restricted fixed asset fund						
Assets inherited on conversion	31,493,086	1,169,307	(301,641)			32,360,752
Other capital funding	197,608		(60,188)	34,385		171,805
	<u>31,690,694</u>	<u>1,169,307</u>	<u>(361,829)</u>	<u>34,385</u>		<u>32,532,557</u>
Total Restricted funds	<u>28,733,992</u>	<u>9,074,747</u>	<u>(8,868,182)</u>		<u>517,000</u>	<u>29,457,557</u>
Total funds	<u>29,802,107</u>	<u>9,782,866</u>	<u>(9,317,835)</u>		<u>517,000</u>	<u>30,784,140</u>

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20. Statement of funds

	2017 Brought Forward	2017 Income	2017 Expenditure	2017 Transfers in/out	2017 Gains/ (Losses)	2017 Carried Forward (as restated)
	£	£	£	£	£	£
Unrestricted funds						
General Fund	977,992	581,948	(564,056)			995,885
School Fund	59,158	187,996	(174,922)			72,231
	1,037,150	769,944	(738,978)			1,068,116
Restricted funds						
Restricted donations		22,759	(22,759)			
General annual grant (GAG)		5,312,505	(5,217,754)	(94,751)		(0)
Start up grant		25,000	(25,000)			
Other EFA/DFE grants		782,483	(782,483)			
Sponsorship grant	50,000		(13,213)			36,787
Devolved formula capital grant		35,110	(35,110)			
DFE project delivery grant		37,255				37,255
Pupil premium		314,331	(314,331)			
Rates relief		23,806	(23,806)			
Sports grant		49,445	(49,445)			
Universal Infant free school meals		313,729	(313,729)			
Other local authority grants		391,737	(391,737)			
CAMHS Transformation Funding		76,205	(55,949)			20,256
Special educational needs (SEN)		119,676	(119,676)			
SCITT funding		5,955	(5,955)			
Pension Reserve	(3,018,000)	(221,000)	(280,000)		468,000	(3,051,000)
	(2,968,000)	7,288,995	(7,650,947)	(94,751)	468,000	(2,956,703)
Restricted fixed asset fund						
Assets inherited on conversion	19,304,520	12,476,000	(287,434)			31,493,086
Other capital funding	123,818	22,745	(43,706)	94,751		197,608
	19,428,338	12,498,745	(331,140)	94,751		31,690,694
Total Restricted funds	16,460,338	19,787,740	(7,982,087)		468,000	28,733,992
Total funds	17,497,488	20,557,684	(8,721,065)		468,000	29,802,107



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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance as at 1 Sept 2016	Income	Expenditure	Gains, losses and transfers	Balance as at 31 Aug 2018
	£	£	£	£	£
Unrestricted funds					
General Fund	977,992	1,086,412	(826,822)		1,237,582
School Fund	59,158	391,651	(361,809)		89,000
	<u>1,037,150</u>	<u>1,478,063</u>	<u>(1,188,631)</u>		<u>1,326,582</u>
Restricted funds					
Restricted donations		49,298	(49,298)		
General annual grant (GAG)		10,982,334	(10,853,198)	(129,136)	
Start up grant		50,000	(50,000)		
Other EFA/DFE grants		1,609,953	(1,609,953)		
Sponsorship grant	50,000		(50,000)		
Devolved formula capital grant		79,054	(79,054)		
DFE project delivery grant		74,000			74,000
Pupil premium		657,082	(657,082)		
Rates relief		48,800	(48,800)		
Sports grant		159,805	(159,805)		
Universal Infant free school meals		624,219	(624,219)		
Other local authority grants		895,269	(895,269)		
CAMHS Transformation Funding		86,205	(86,205)		
Special educational needs (SEN)		274,858	(274,858)		
SCITT funding		16,560	(16,560)		
Pension Reserve	(3,018,000)	(413,000)	(703,000)	985,000	(3,149,000)
	<u>(2,968,000)</u>	<u>15,194,435</u>	<u>(16,157,300)</u>	<u>855,864</u>	<u>(3,075,000)</u>
Restricted fixed asset fund					
Assets inherited on conversion	19,304,520	13,645,307	(589,075)		32,360,752
Other capital funding	123,818	22,745	(103,894)	129,136	171,805
	<u>19,428,338</u>	<u>13,668,052</u>	<u>(692,969)</u>	<u>129,136</u>	<u>32,532,557</u>
Total Restricted funds	<u>16,460,338</u>	<u>28,862,487</u>	<u>(16,850,269)</u>	<u>985,000</u>	<u>29,457,557</u>
Total funds	<u>17,497,488</u>	<u>30,340,550</u>	<u>(18,038,900)</u>	<u>985,000</u>	<u>30,784,140</u>



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

Restricted Funds

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy via the Education and Skills Funding Agency by the Department for Education. The General Annual Grant has been set up because the GAG must be used for the normal running costs of the Academy.

The Start-up grant fund represents grants from the ESFA for the start-up of the newly converted Academy.

Other DFE/ EFSA grants represents funding from the EFSA for exceptional and other factors.

The Sponsorship grant represents funding from the ESFA for developing and expanding the Academy trust.

Devolved formula capital fund represents grants from the local authority for capital maintenance of the school site. This is based on student numbers.

The Pupil Premium fund represents the restricted pupil premium income received for the purposes of supporting children who have been eligible for free school meals at any point in the last six years. The relevant expenditure incurred is recorded through this fund.

The Rates Relief, Sports Grant and Universal Free School Meals Grants are self-explanatory.

Other Local authority grants represents funding received for provision of early years services, children centre, other school improvement and confederation funding grants.

The Child and Adolescent Mental Health (CAMHS) Transformation fund is for the purpose of project evaluation and shared learning.

The SEN fund represents the specific funding received for named children with exceptional needs and the relevant expenditure is recorded against this.

SCITT funding is provided by the ESFA for initial teacher training.

DFE Project Delivery Grant represents the specific funding received for feasibility works at Lakeside school.

The pension reserve fund has been created to separately identify the LGPS pension deficit inherited from the local authority upon conversion to Academy status and through which all the pension scheme movements are recognised.



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Restricted Fixed Asset Funds

The inherited fixed assets fund has been set up to recognise the tangible assets gifted to the Academy upon conversion which represent the school site including the freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

Other capital funding and specific donations recognise the tangible assets purchased with those funds and the relevant depreciation charges on those assets is allocated to the funds.

Under the funding agreement with the Secretary of State, the academies in the Trust are not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Analysis of academies by fund balance

	Total 2018	Total 2017 (as restated)
	£	£
Cross Farm Academy	(8,702)	(6,897)
The Grove Academy	299,213	298,326
Holly Lodge Academy	341,003	302,622
Lakeside Academy	292,581	192,237
Mytchett Academy	145,784	87,062
Sandringham Academy	162,759	169,276
Wyke Academy	108,532	-
Central services	59,415	119,789
Total before fixed asset fund and pension reserve	1,400,585	1,162,415
Restricted fixed asset fund	32,532,555	31,690,692
Pension reserve	(3,149,000)	(3,051,000)
	30,784,140	29,802,107

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Analysis of academies by cost

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

	Education staff costs	Other support staff costs	Education supplies	Other costs excluding depreciation	2018 Total	2017 Total
	£	£	£	£	£	£
						(as restated)
Cross Farm Infant School	439,969	98,180	38,762	135,231	712,143	842,352
The Grove Primary School	1,322,781	149,296	133,126	217,095	1,822,298	1,978,284
Holly Lodge Primary School	1,100,784	135,255	86,749	186,798	1,509,586	1,122,067
Lakeside Primary School	1,243,195	134,147	114,997	200,388	1,692,727	1,743,337
Mytchett Primary School	706,174	150,121	86,157	139,444	1,081,896	1,065,232
Sandringham School	608,311	138,366	39,705	129,041	915,423	1,032,979
Wyke Primary School	52,388	4,167	1,271	30,104	87,930	
Central	44,882	455,474	7,914	106,578	614,848	325,675
	5,518,484	1,265,006	508,681	1,144,679	8,436,851	7,926,423

21. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset fund 2018 £	Total funds 2018 £	Total funds 2017 £
Intangible fixed assets			13,611	13,611	20,414
Tangible fixed assets			32,518,946	32,518,946	31,670,279
Current assets	1,326,584	899,582		2,226,164	2,138,780
Creditors due within one year		(825,582)		(825,582)	(976,365)
Provisions for liabilities and charges		(3,149,000)		(3,149,000)	(3,051,000)
Total net assets between Funds	1,326,584	(3,075,000)	32,532,557	30,784,140	29,802,108

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net movement in funds to net cash flow from operating activities

	2018	2017 (as restated)
	£	£
Net income for the year (as per Statement of financial activities)	465,031	11,836,619
Adjustment for:		
Depreciation charges	355,026	324,338
Amortisation	6,803	6,803
Dividends, interest and rents from investments	(5,709)	(4,261)
(Increase) in debtors	(179,544)	(28,476)
Increase in creditors	(150,783)	405,344
Capital grants from DFE and other capital income	(80,688)	(95,110)
Net gain on assets and liabilities from local authority on conversion	(1,089,829)	(12,570,017)
Pension adjustment	423,000	280,000
Net cash provided by operating activities	(256,693)	155,240

23. Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	815,093	936,580
Notice deposits (less than 3 months)	1,003,951	974,611
Total	1,819,043	1,911,192

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Conversion to an Academy Trust

On 1 August 2018 Wyke Primary School converted to an Academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Kite Academy Trust from Surrey County Council for £NIL consideration.

The transfers have 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 incorporating income and expenditure account as charitable activities - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

Wyke Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset fund £	Total funds £
Freehold/leasehold land and buildings			1,169,307	1,169,307
Other assets	112,522			112,522
LGPS pension surplus/(deficit)		(192,000)		(192,000)
Net assets/(liabilities)	112,522	(192,000)	1,169,307	1,089,829



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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

25. Pension Commitments

The Academy'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 Surrey 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 £74,809 were payable to the schemes at 31st August 2018 (2017: £114,254) and are included in creditors. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48%, 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.

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The employer's pension costs paid to the TPS in the period amounted to £537,388 (2017: £486,238).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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 £535,255 (2017 - £520,000), of which employer's contributions totalled £423,814 (2017 - £430,000) and employees' contributions totalled £111,441 (2017 - £90,000). The agreed contribution rates for future years are 21.7% for employers and 5.5-12.5% for employees.

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

Principal Actuarial Assumptions:

	2018	2017
Discount rate for scheme liabilities	2.8%	2.5%
Rate of increase in salaries	2.7%	2.7%
Rate of increase for pensions in payment / inflation	2.4%	2.4%
Inflation assumption (CPI)	2.4%	2.4%
Inflation assumption (RPI)	3.4%	3.4%

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

	2018	2017
Retiring today		
Males	22.5	22.5
Females	24.6	24.6
Retiring in 20 years		
Males	24.1	24.1
Females	26.1	26.1



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 st August 2018	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	792
0.5% increase in the Salary Increase Rate	2%	128
0.5% increase in the Pension Increase Rate	11%	654
1 year increase in life expectancy		249

Change in assumptions at 31 st August 2017	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	659
0.5% increase in the Salary Increase Rate	2%	120
0.5% increase in the Pension Increase Rate	10%	529

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25. Pension Commitments (continued)

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

	Fair value at 31-Aug 2018 £	Fair value at 31-Aug 2017 £
Equities	2,212,000	1,423,000
Debt instruments	522,000	288,000
Property	215,000	135,000
Cash	123,000	77,000
Total market value of assets	3,072,000	1,923,000

The actual return on scheme assets was £65,000 (2017 : -£1,000).

The amounts recognised in the Statement of Financial Activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(702,000)	(644,000)
Interest income	62,000	40,000
Interest cost	(141,000)	(106,000)
Total	(781,000)	(710,000)



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

	2018 £	2017 £
Opening defined benefit obligation	5,239,000	4,486,000
Upon conversion	529,000	403,000
Current service cost	702,000	644,000
Interest cost	141,000	106,000
Contributions by employees	92,000	90,000
Changes and assumptions	(452,000)	(469,000)
Benefits paid	(30,000)	(21,000)
Closing defined benefit obligation	<u>6,221,000</u>	<u>5,239,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	2,188,000	1,468,000
Upon conversion	337,000	182,000
Interest	62,000	40,000
Return on plan assets	65,000	(10,000)
Employer contributions	358,000	430,000
Employee contributions	92,000	90,000
Benefits paid	(30,000)	(21,000)
Closing fair value of scheme assets	<u>3,072,000</u>	<u>2,188,000</u>

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26. Operating Lease Commitments

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

	2018	2017
	£	£
Amounts payable:		
Within 1 year	11,019	14,845
Between 1 and 5 years	4,291	16,948
Total	<u>15,310</u>	<u>31,796</u>
Amounts receivable		
Within 1 year	5,298	5,250
Between 1 and 5 years	17,197	17,292
After more than 5 years		5,729
Total	<u>22,495</u>	<u>28,271</u>

27. Other Financial commitments

In July 2018, we entered into contracts with PSF for the provision of HR (total 18/19 cost £31,000) and Asset (total 18/19 cost £5,000) modules both of which will be implemented during 2018/ 2019

28. 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.

29. Related Party Transactions

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

During the year ended 31 August 2018. No related party transactions took place in the period of account.



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30. Events after the end of the Reporting Period

In September 2018, we entered into a tenancy at will agreement with Guildford Borough council for the rental of the reception building at Wyke Primary School.

31. Legal Status

The Kite Academy Trust is an incorporated exempt charity registered in England and Wales. The principal office is located at Stratford Road, Ash Vale, Surrey GU12 5PX.

