



THE KITE ACADEMY TRUST

A COMPANY LIMITED BY GUARANTEE

REGISTERED NUMBER: 09785186 (ENGLAND & WALES)

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



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REFERENCE AND ADMINISTRATIVE DETAILS

OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2019

Members

J G Allan
 R H Murton
 S G Thomas
 M R Devitt
 A Johnson (appointed 03/12/18)

Trustees

J G Allan Chair
 D L Andrews
 K D Findlay
 D Warwick (resigned 30/09/19)
 A Walsh (resigned 12/03/19)
 L Quinn
 L Anstey (resigned 08/09/19)
 P Evans (resigned 19/09/19)
 M Kershaw (appointed 18/03/19)
 C Jayasekera (appointed 25/03/19)
 M Rees (appointed 18/03/19)
 M Ellis (appointed 25/03/19)

Senior Management (up to 31/08/19)

C Dickinson Chief Executive Officer
 J Coleman Head of Finance (resigned 11/10/19)
 J Godolphin Head of Operations
 J Rogers Head Teacher – Lakeside (resigned 31/08/19)
 Acting Executive Head Teacher – Fernhill (from 01/06/19)
 J Ibbotson Head Teacher – The Grove (resigned 31/08/19)
 S Willans Head Teacher - Mytchett (appointed 01/09/18)
 A People Head Teacher – Cross Farm (appointed 01/09/18; resigned 31/10/18)
 S Meakin Head Teacher – Holly Lodge (resigned 31/08/19)
 Acting Executive Head Teacher – Holly Lodge & Cross Farm (appointed 01/11/18)
 K Money Head Teacher – Sandringham
 M Wilson Head Teacher – Wyke

Executive Team (from 01/09/19)

C Dickinson Chief Executive Officer
 J Coleman Director of Finance (resigned 11/10/19)
 J Godolphin Director of Operations
 J Rogers Executive Head Teacher
 S Meakin Executive Head Teacher
 J Ibbotson Head of Improvement

Company Registered Number

09785186

Company Name

The Kite Academy Trust



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Principal and Registered Office

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

Independent Auditor

Wise & Co
Chartered Accountants & 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



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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

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. Since that date three other schools have joined the Trust:

1st December 2016 - Holly Lodge Primary School

1st August 2018 - Wyke Primary School

1st June 2019 - Fernhill Primary School

The Trust operates academies for children aged 2-11 serving a catchment area around Frimley, Mytchett, Ash, Normandy and Farnborough.

The capacity of the Trust is 2250 primary aged children with 188 Nursery sessions a week, including 2- year old FEET funded children, across the Trust.

The Trust comprised of eight academies as at August 31st 2019:

Cross Farm Infant (4-7 year olds)

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

Holly Lodge Primary (4-11 year olds)

Lakeside Primary and Nursery (2-11 year olds)

Mytchett Primary and Nursery (2- 11 year olds)

Sandringham Infant & Nursery (2-7 year olds)

Wyke Primary (4-11 year olds)

Fernhill Primary (4-11 year olds)

STRUCTURE, GOVERNANCE & MANAGEMENT

Constitution

The Kite Academy Trust 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 2.

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.

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.

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 four co-opted Trustees, over the year four 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.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the period under review the Board of Trustees met 10 times. Four new Trustees were recruited in this time. New Trustees are provided with an induction session with the Chair and Vice Chairs.

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.

In September, all Trustees and Governors were invited to a training session on the new Ofsted framework. In the Autumn term, the Trustees also worked with another MAT to consider governance across the Trust. With the Trust growing, we felt it was important to consider our governance structure. We have now considered a new approach towards governance and have developed this over the year with all LGBs being invited to several training sessions. Three academies piloted this throughout the year and we are ready to set this up for all academies from September 2019. This new structure gives a consistent approach towards both monitoring the academy and reporting to the Trust. These training sessions supported a consistent understanding of the role of Governors within the Governance structure.

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.

Organisational Structure

The organisation of the Trust
is made up of non executives reported to by the leadership at different levels



The Trust members hold 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 10 times. The Trustees have established an overall framework for governance of the academies and has determined membership, terms of reference and delegated powers. The Scheme of Delegation clearly identifies the delegated powers and responsibilities of each group. The Executive Team report to and answer questions from the Trustees at Board meetings and Academy Head Teachers at their Academy Councils meetings.

Through the transition period of moving from one organisational structure to the other, we continued to meet as Advisory Bodies in the Autumn term. After this the Finance, Audit and Risk Advisory Body continued but the other Advisory Bodies stopped with the new system being brought in. All academies received reports, whether or not they were part of the pilot. There are a number of working parties that have been set up to perform specific tasks - these are currently IT and marketing.

The following Advisory Bodies met under the old system:

Finance, Audit and Risk (FAR) Advisory Body

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.

HR Advisory Board

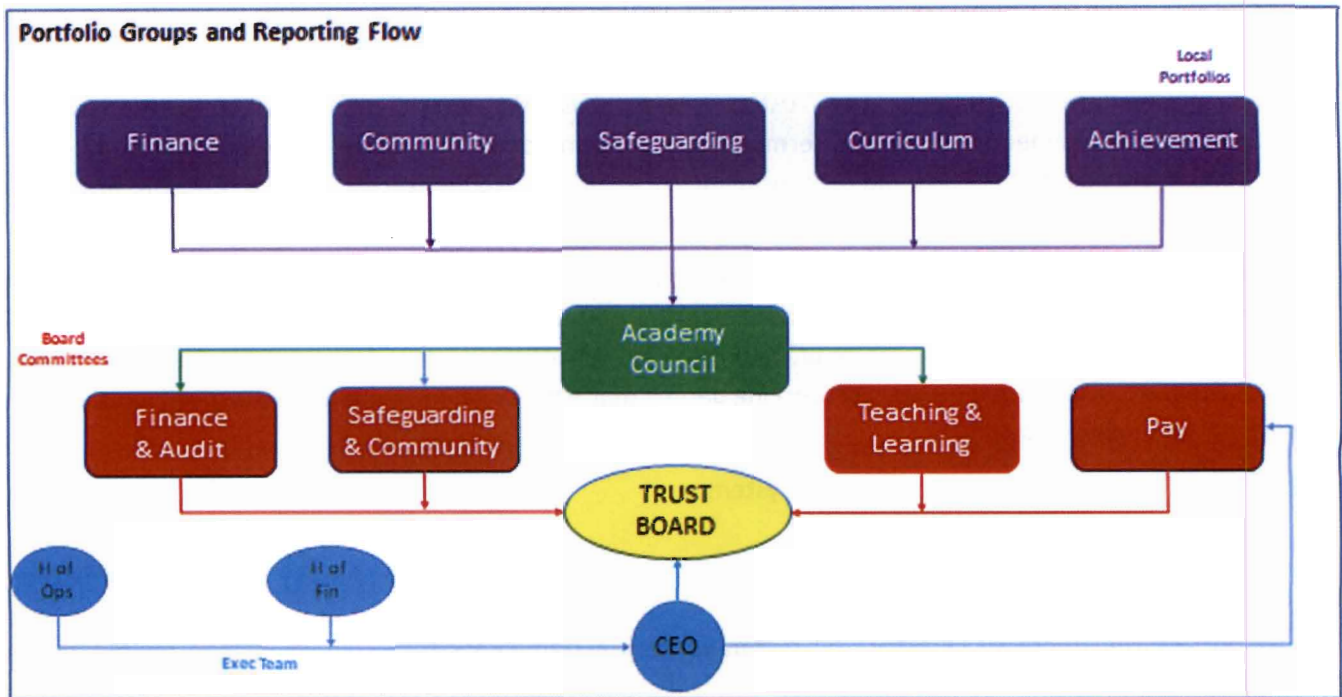
Meets at least four times a year and is responsible for:

- 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.

Standards Advisory Board

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.

The new system involves each academy having an Academy Council that meets each term. Each governor on the Academy Council is responsible for a portfolio that they will monitor in their academy during the first half term each term. They each complete a report which is then discussed at the Academy Council meeting. An Executive Report is written by the Chair and uploaded to the portal so that the Trust Board Committees can then discuss these and advise the whole Trust Board of anything that is important. The Trust Board Committees are made up of 3 or 4 Trustees and one elected Portfolio Holder from across the academies. Risks are identified to the Trustees and information is sent to either the Trust Board or the Executive Team (as appropriate) to ensure that everyone is informed, with appropriate action taken. There is then feedback to the Academy Council after the Trust Board has met to ensure that everyone is informed of actions.



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. Portfolio Holders will also meet to discuss issues and solutions across the Trust.

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 the academies are 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 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 Executive Team with the Chair of LGB for the Head Teacher of an academy. This needs to be ratified by the Board of Trustees.

Connected Organisations, Including related Party Relationships

The Kite Academy 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)
- SJB Maths hub (working on Maths Mastery with academy staff)
- 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
- STEP Academy (the CEO is mentoring the Trust through growth)
- Each Academy has its own PTA who support the academy through fund raising

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.

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 academy.

OBJECTIVES & 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 Kite Academy Trust during the year ended on 31st August 2019 were:

- 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:

- Regular Management Board meetings for all Head Teachers and Executive Team;
- Network meetings for key members of staff – Deputies, Inclusion Managers, Assessment Leads, Year group teachers, Curriculum Leads to share best practice;
- Staff observing in other academies to learn from best practice;
- Joint staff meetings and INSET days;
- Continuing to train staff in the assessment recording system that is consistent across the MAT;
- Consistent assessment system used across all academies enables high quality moderation;
- Leadership training for senior leaders;
- Executive leadership course for all Head Teachers;
- MIT – set up school improvement judgements and support through "MAT Improvement Triads";
- Review of leadership structure for next academic year to ensure consistency particularly with planned growth;
- Joint learning opportunities for children across the MAT;

- Transition "Friendship Day" for all Infant children before their move to junior school and all Year 6 children moving to secondary school;
- Central business team provides consistency for the business elements of the Trust and gives more time to the leadership of the academy to develop educational standards for the children;
- Continuing to develop our financial package across all academies for consistent financial reporting and using ICFP to benchmark academies and ensure value for money;
- Finalist for Public Finance awards;
- Implementing an asset management system to track assets across the Trust and ensure compliance in estates;
- Setting up an HR system across the Trust for a consistent approach towards employment with efficiency of reporting into the HR team;
- New IT Manager and team to support IT development across the Trust;
- Setting up a central document storing system that enables all members of staff to access key documents and share across the Trust;
- CEO attending network meetings and conferences for CEOs including RSC and National School Commissioner meetings;
- CEO working with a new MAT to support set up;
- CEO working with a larger MAT to learn through their experiences;
- Trust Board joint training with another Trust Board to develop ideas together;
- Review of HR policies across the MAT to ensure consistent approach to people management;
- Updated finance policies across the MAT;
- A clear scheme of delegation shared with all LGBs;
- New governance system to ensure that there is consistent communication across the Trust;
- Set up training for staff and Governors to further develop skill levels;
- Attending annual MAT review with the RSC.

Public Benefit

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

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;
- Working with other new MATs to support setting up systems.

Equal Opportunities

The Trustees 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.

STRATEGIC REPORT

Achievements & Performance

	CRO	FRN	GRO	HLG	LAK	MYT	SAN	WYK
School Capacity	180	210	420	420	420	210	180	210
NOR (Funded)	168	109	413	409	403	204	171	205
% Capacity	93.3%	51.9%	98.3%	97.3%	95.9%	97.1%	95%	97.6%
Special Provision			14					
N ^{OS} in Provision			17					
Nursery Sessions					80	60	48	
% Capacity					94%	100%	94%	
% Attendance	96.8%	95.26%	95.58%	97.16%	96.59%	97.17%	96.37%	96.13%
EYs GLD	83%	67%	72%	76%	80%	83%	80%	60%
Phonics	81%	80%	73%	83%	85%	80%	96%	67%
KS1 Ex ⁺								
Read	85%	67%	77%	76%	77%	80%	92%	81%
Write	60%	50%	77%	73%	60%	73%	85%	78%
Maths	76%	75%	81%	71%	80%	87%	88%	85%
RWM	58%	50%	76%	64%	55%	60%	83%	74%
GDS								
Read	25%	4%	37%	15%	27%	27%	29%	44%
Write	7%	0%	24%	14%	5%	3%	14%	19%
Maths	16%	4%	27%	17%	23%	20%	20%	22%
RWM	5%	0%	19%	7%	5%	3%	12%	15%
KS2 Ex ⁺								
Read		58%	73%	63%	79%	76%		78%
Write		67%	81%	82%	75%	83%		93%
Maths		75%	77%	77%	89%	86%		89%
GPS			77%	70%	85%	83%		89%
RWM		42%	65%	58%	69%	72%		78%
GDS								
Read		8%	28%	23%	21%	17%		26%
Write		17%	24%	13%	14%	21%		22%
Maths		17%	23%	33%	28%	24%		33%
GPS			20%	38%	38%	31%		44%
RWM		8%	8%	7%	8%	7%		11%
Scaled Scores								
Read		103	104	103	104	102		106
Maths		104	105	103	105	105		108

Results for The Grove Primary include Link Children.

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

Key Financial Performance Indicators

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

Finance KPIs	CRO	FRN	GRO	HLG	LAK	MYT	SAN	WYK
Staff Pay as % Total Expenditure	77%	78%	83%	78%	82%	80%	78%	77%
Pupil to Teacher Ratio	21	22	20	21	21	17	20	20
Ave Teaching Staff Expenditure Per Pupil	1,583	2,246	1,708	1,636	1,707	1,608	1,561	1,686
Ave Teaching Support Staff Cost Per Pupil	690		781	485	654	644	628	837
Ave Admin Staff Cost Per Pupil	310		260	221	202	368	290	302
Academy Leadership Staff Cost Per Pupil	378		394	322	367	581	408	467
Total Staff Expenditure Per Pupil	3,212	3,914	3,368	2,935	3,070	3,288	3,183	3,509
Non-Staff Expenditure Per Pupil	1,022	1,115	768	876	695	993	1,047	1,038
GAG Funding Per Pupil	3,696	4,792	3,677	3,487	3,612	3,968	3,948	3,925
Self-Generated Income Per Pupil	397	79	44	365	241	232	354	54
Total Income Per Pupil	4,838	6,879	4,712	4,316	4,435	5,106	5,069	4,808

We intend to use the above achievement and financial data to evaluate performance across academies within the 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.

Review of Activities

During the year, the Trust's achievements were as follows:

- Five academies had short Ofsted inspections during the academic year; all five were still rated as "Good", with one having a section 5 inspection in the next academic year;
- To convert two more converter academies (Fernhill achieved) (Hale achieved on 1st October 2019);
- To further develop the Central Business Team to support all Trust academies (achieved);
- To develop an IT Support Team to implement IT strategy (on track);
- To set up ICFP to support benchmarking across the Trust (achieved);
- To introduce Kite Support Staff Pay to seventh Academy (achieved);
- To use existing staff to support needs in other academies on a temporary or permanent basis (achieved);
- To develop a new leadership structure to provide consistencies and to be financially viable for the future (set for implementation in September 2019);
- To provide opportunities for staff to develop within the Trust by providing movement across academies (achieved);

- To enter into discussions with other schools wanting to convert (achieved);
- To support schools waiting to convert with administration tasks e.g. HR, finance and Estates (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 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 bring the Nursery provision at Sandringham formally into the academy (achieved);
- To increase shared learning experiences for children across the Trust (achieved);
- To employ a member of staff to support staff, children and families across the Trust with children with specific behavioural needs (Set up for September 2019);
- To set up and implement a technical solution to introduce a more efficient system for HR (achieved);
- To set up and implement a technical solution to introduce a more efficient system for Estate Management (achieved);
- To set up a more consistent and robust system of governance across the Trust (achieved);
- To start work on new build at Lakeside Primary Academy (achieved);
- New telecoms VOIP system across the Trust (achieved);
- Our Finance Team was a finalist in the 2019 Public Sector Finance Award in the category of Financial Reporting & Accountability.

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.

FINANCIAL REVIEW

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.

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 2018/2019 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 £1.4 million including depreciation and amortisation of £458K and adjustments to pension schemes. Total fund balances before fixed asset fund and pension reserves totalled £1.3 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;

- Fernhill balance bought forward on conversion
- Set-up and school improvement grants
- Building maintenance projects at The Grove
- IT investment and a telecoms project across academies
- Development of centralised admin team

Principal Risks and Uncertainties

The Kite Academy Trust 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 Trust 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
- Increase in staffing costs through salary increases and increased employer pension contributions
- 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 Trust will be able to meet its known annual contribution commitment.

Reserves Policy

The policy of the Kite Academy Trust 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 Nursery at Sandringham Infant & Nursery Academy;
- IT investment across the Trust;
- Complete building development at Lakeside Nursery & Primary Academy;
- Hall extension project at Holly Lodge Primary Academy;
- Investment in premises at Mytchett Primary & Nursery Academy;
- Investment in premises at Wyke Primary Academy;
- The Staff Absence Fund has been earmarked to support academies with long term absence cover;
- A Trust Building Maintenance Contingency Fund;
- Investment in Academy Improvement across the Trust.

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

Deficit

The Kite Academy Trust currently has a projected deficit on the Local Government Pension scheme of £4,977,000. Details of this are outlined in Note 25.

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Material Investments Policy

The Kite Academy Trust 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 academy) 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.

Fundraising

The Kite Academy Trust 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 offer secondments across the Trust to provide further opportunities for staff and spread good practice;
- To develop an efficient and consistent leadership structure across the Trust;
- To grow the Trust to 10+ local primary schools by 2020;
- To continue to engage with schools interested in joining the Trust;
- To continue to develop economies of scale and consistencies across the MAT through development of central business team;
- To develop an Improvement Team across the MAT to support all academies;
- To further develop our inclusion team to support children, staff and families;
- To consider expansion of places to support the new housing development within the area;
- To complete the replacement of existing buildings that have been identified by the DfE as in poor condition at Lakeside Primary Academy;
- To extend the Nursery provision at Sandringham and investigate provision across the Trust for the academies who do not currently offer Nursery places;
- To continue to develop the use of financial systems to their potential;
- To introduce the HR system for people management to all academies;
- To ensure that the new Asset system for estates management is used to its full potential across the Trust;
- To undertake a feasibility study of the swimming pool site at Fernhill Primary and then other academy sites;
- To extend the hall capacity at Holly Lodge;
- To increase in-house out of school hours provision for our children;
- To implement the new Kite Income & Lettings policy to increase letting potential across our academies;
- To embed the new governance structure across the Trust.

Funds Held as Custodian

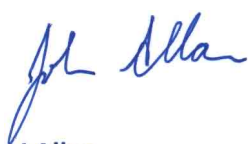
The Kite Academy Trust and its Trustees do not act as the Custodian Trustees of any other charity.

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 19th December 2019 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 10 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 Allan (Chair)	9	10
D Andrews	10	10
K Findlay	8	10
D Warwick	2	3 (leave of absence taken)
A Walsh	0	6 (resigned 12/03/19)
L Anstey	4	10
P Evans	4	10
L Quinn	10	10
M Rees	2	4
M Kershaw	3	4
M Ellis	3	3
C Jayasekera	2	3
C Dickinson (CEO)	10	10 (In attendance)
J Godolphin	3	3 (In attendance)
J Coleman	3	3 (In attendance)

We have had one resignation from the Board over this academic year, one Trustee took a leave of absence for a period due to family circumstances and four new Trustees joined in March 2019.

Finance, Audit & Risk was an Advisory Board to the main Board of Trustees. The Finance, Audit & Risk formally met 3 times during the period. Attendance at meetings in the period was as follows:

Committee Member	Meetings Attended	Out of a Possible
J Clague (Chair)	3	3
C Dickinson (CEO)	3	3
J Coleman (Head of Finance)	3	3
D Warwick (Trustee)	1	3
A Walsh (Trustee)	0	2
R Green	2	3
C McQueen	0	2
J Rogers (Head Teacher)	3	3
R McKee	1	2
A Ross	3	3
L Anstey (Trustee)	2	3
N Houghton	3	3
R Water-Duke	2	3

Finance & Resources Committee is a sub-committee to the main Board of Trustees. The Finance & Resources Committee has formally met twice during the period.

Attendance at meetings in the period was as follows:

Committee Member	Meetings Attended	Out of a Possible
J Allan (Chair)	2	2
M Rees	2	2
L Anstey	2	2
J. Clague	2	2
J Coleman (Head of Finance)	2	2

Review of Value for Money

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

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

- Staff cost saving resulting from the 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 academies;
- Investment in cloud-based IT systems to enable future growth and centralisation of business systems, e.g. Finance, HR and Assets;
- Use of 'Buying for Schools' and other government recommended frameworks to deliver value-for-money procurement;
- 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 externally, 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 Kite Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Kite Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and Financial Statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Kite Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, which has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Finance, 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 Trust'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 Kite 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 Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 19th December 2019 and signed on their behalf, by:


J Allan (Chair)
Chair of Trustees


C Dickinson (CEO)
Accounting Officer

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 ESFA terms & conditions of funding, under the funding agreement in place between the Kite 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 2018.

I confirm that I and the Kite Academy Trust Board of Trustees are able to identify any material irregularity or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

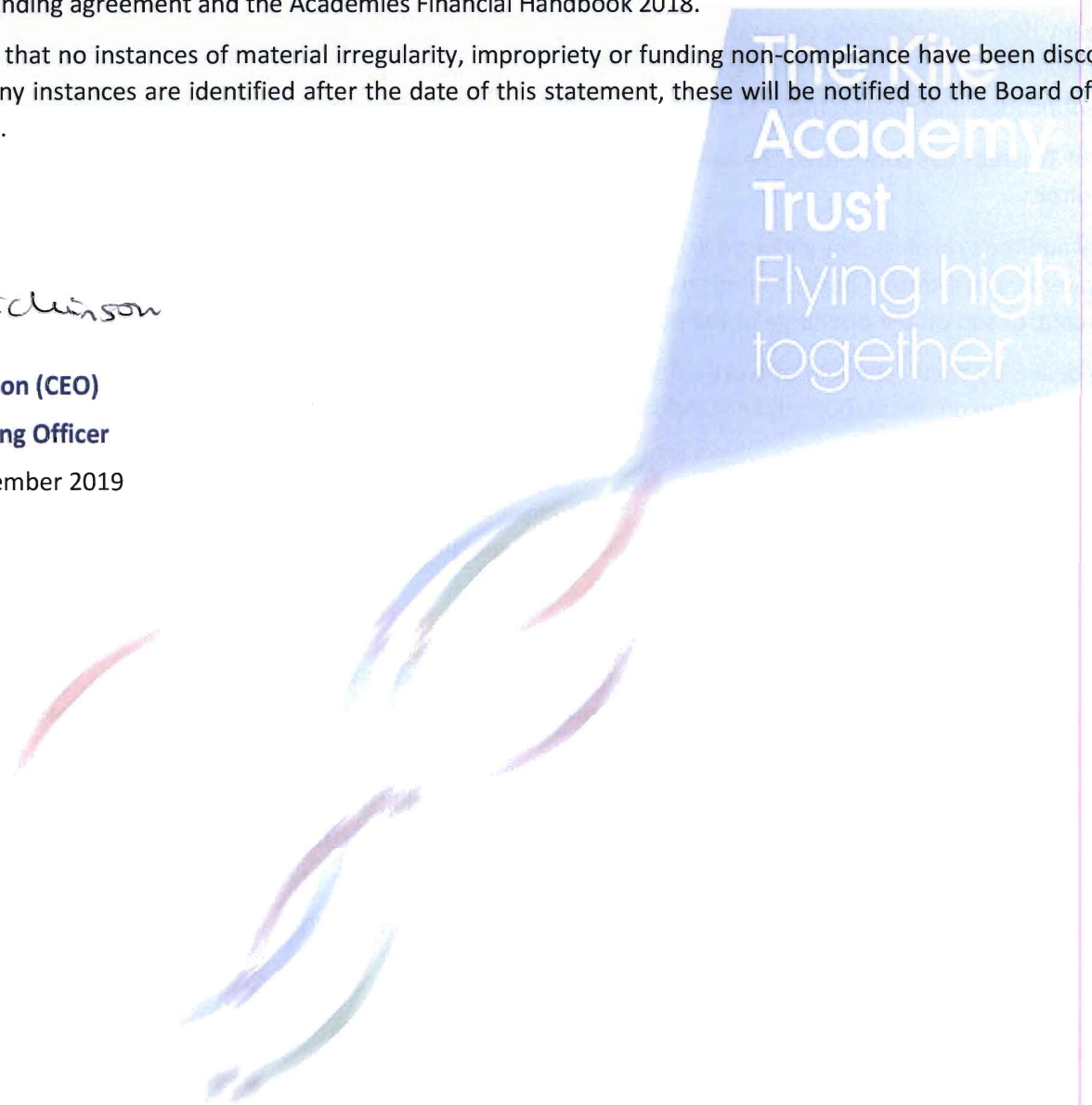
I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



C Dickinson (CEO)

Accounting Officer

19th December 2019



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STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

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 2015 and the Annual Accounts Direction 2018 to 2019;
- 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

19th December 2019

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

OPINION

We have audited the financial statements of The Kite Academy Trust (the 'trust') for the year ended 31 August 2019 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 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

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 including the Strategic report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, 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

for and on behalf of Wise & Co

Chartered Accountants and Statutory Auditors

Wey Court West

Union Road

Farnham

Surrey

GU9 7PT

Dated: 20/12/2019

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

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 8 July 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Kite Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The 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 The 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 The Kite Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of The 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by 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.

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 2018 to 31 August 2019 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: *20/12/2019*

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STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted Funds 2019	Restricted Funds 2019	Restricted Fixed Asset Fund 2019	Total Funds 2019	Total Funds 2018 (as restated)
	Note	£	£	£	£	£
Income from:						
Donations & Capital Grants:						
Transfer from Local Authority on Conversion	2	52,856	(123,000)	3,540,000	3,469,856	4,374,915
Other Donations and Capital Grants	2	4,663	23,575	167,714	195,952	91,193
Charitable Activities	3	243,842	9,939,736		10,183,578	8,274,557
Other Trading Activities	4	406,657			406,657	321,578
Investments	5	8,186			8,186	5,709
Total Income		716,204	9,840,311	3,707,714	14,264,229	13,067,952
Expenditure on:						
Charitable Activities	6,7,20	845,938	10,394,992	458,387	11,699,317	9,333,868
Total Expenditure		845,938	10,394,992	458,387	11,699,317	9,333,868
Net Income/(Expenditure) before Transfers		(129,734)	(554,681)	3,249,327	2,564,912	3,734,084
Transfers between Funds	20		(177,319)	177,319	-	
Net Income/(Expenditure) before Other Recognised Gains & Losses		(129,734)	(732,000)	3,426,646	2,564,912	3,734,084
Actuarial Gains/(Losses) on Defined Benefit Pension Schemes	25		(1,150,000)		(1,150,000)	517,000
Net Movement in Funds		(129,734)	(1,882,000)	3,426,646	1,414,912	4,251,084
Reconciliation of Funds:						
Total Funds Brought Forward		1,326,582	(3,075,000)	35,801,611	34,053,193	29,802,108
Total Funds Carried Forward		1,196,848	(4,957,000)	39,228,257	35,468,105	34,053,193


All the Trust's activities relate to continuing operations.

BALANCE SHEET

AS AT 31 AUGUST 2019

		2019	2018 (as restated)
	Note	£	£
Fixed Assets			
Intangible Assets	15	20,407	13,611
Tangible Assets	16	<u>39,084,519</u>	<u>35,787,989</u>
		39,104,926	35,801,600
Current Assets			
Debtors	17	387,376	407,132
Cash at Bank and in Hand	23	<u>2,179,122</u>	<u>1,819,043</u>
		2,566,498	2,226,175
Liabilities			
Creditors: amounts falling due within one year	18	<u>(1,226,319)</u>	<u>(825,582)</u>
Net current assets		1,340,179	1,400,593
Total assets less current liabilities		40,445,105	37,202,193
Defined Benefit Pension Scheme Liability	25	<u>(4,977,000)</u>	<u>(3,149,000)</u>
Total Net Assets		<u>35,468,105</u>	<u>34,053,193</u>
Funds of the Trust			
Restricted Funds			
School Improvement Grant	20	20,000	-
DfE Project Delivery Grant	20	-	74,000
Restricted Fixed Asset Fund	20	39,228,257	35,801,611
Pension Reserve	20	(4,977,000)	(3,149,000)
Total Restricted Funds		34,251,257	32,726,611
Unrestricted Income Funds	20	1,196,848	1,326,582
Total Funds		<u>35,468,105</u>	<u>34,053,193</u>

The financial statements were approved by the Board of Trustees and authorized for issue on 19th December 2019 and were signed on their behalf by:


J Allan
Chair of Trustees

The notes on pages 29 to 49 form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

		2019	2018 (as restated)
	Note	£	£
Cash Flows from Operating Activities			
Net Cash provided by Operating Activities	22	223,765	(256,693)
Cash Flows from Investing Activities:			
Purchase of Intangible Fixed Assets		(17,000)	
Purchase of Tangible Fixed Assets		(204,712)	(34,385)
Capital Funding Received from Sponsors & Others		296,984	80,688
Cash Transferred from Local Authority on Conversion		52,856	112,533
Net Cash provided by Investing Activities		128,128	158,836
Interest Received	5	8,186	5,709
Net Cash provided by Financing Activities		8,186	5,709
Change in Cash & Cash Equivalents in the Period		360,079	(92,148)
Cash & Cash Equivalents Brought Forward		1,819,043	1,911,191
Cash & Cash Equivalents Carried Forward	23	2,179,122	1,819,043

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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 Kite 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 2018 to 2019 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 Kite Academy Trust is a company limited by guarantee. The members of the company are the Trustees named on page 2. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Trust.

1.3 Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

1.4 Income

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

Grants are included in the Statement of Financial Activities 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. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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.

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 and liabilities 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.

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

All resources expended are inclusive of irrecoverable VAT.

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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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
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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.

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 Trust; 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 month 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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

1.14 Financial Instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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.

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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 Kite 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 25, 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 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.

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 Kite 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 25, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from Donations and Capital Grants

	Unrestricted Funds 2019	Restricted Funds 2019	Restricted Fixed Asset Fund 2019	Total Funds 2019	Total Funds 2018 (as restated)
	£	£	£	£	£
Transfer from Local Authority on Conversion	52,856	(123,000)	3,540,000	3,469,856	4,374,915
Donations	4,663	23,575		28,238	91,193
Capital Grants			167,714	167,714	
Total Donations & Capital Grants	57,519	(99,425)	3,707,714	3,665,808	4,466,108
	Unrestricted Funds 2018	Restricted Funds 2018	Restricted Fixed Asset Fund 2018 (as restated)	Total Funds 2018 (as restated)	
	£	£	£	£	
Total 2018 donations & Capital Grants	177,176	(165,461)	4,454,393	4,466,108	

3. Funding for the Kite Academy Trust's Educational Operations

	Unrestricted Funds 2019	Restricted Funds 2019	Total Funds 2019	Total Funds 2018
	£	£	£	£
DfE/ESFA Grants				
General Annual Grant (GAG)		6,658,476	6,658,476	5,669,829
Start Up Grants		50,000	50,000	25,000
Other ESFA/DfE Grants		933,306	933,306	827,470
MAT Development & Improvement Fund		102,000	102,000	
School Improvement Grant		20,000	20,000	
Devolved Formula Capital Grant		129,270	129,270	43,943
Condition Improvement Fund		326,026	326,026	
DfE Project Delivery Grant				36,745
Pupil Premium		363,620	363,620	342,750
Rates Relief		41,945	41,945	24,994
Sports Grant		129,990	129,990	110,360
Universal Infant Free School Meals		358,403	358,403	310,490
		9,113,036	9,113,036	7,391,581

	Unrestricted Funds 2019	Restricted Funds 2019	Total Funds 2019	Total Funds 2018
	£	£	£	£
Other Government Grants				
Special Educational Needs		297,057	297,057	155,182
SCITT Funding		23,685	23,685	10,605
Other Local Authority		505,958	505,958	513,532
		<u>826,700</u>	<u>826,700</u>	<u>679,319</u>
Other Income from the Trust's Educational Operations				
Other Income	243,842		243,842	203,656
	<u>243,842</u>		<u>243,842</u>	<u>203,656</u>
	<u>243,842</u>	<u>9,939,736</u>	<u>10,183,578</u>	<u>8,274,557</u>
Total 2018 Funding for Educational Operations	203,656	8,070,901	8,274,557	

4. Other Trading Activities

	Unrestricted Funds 2019	Restricted Funds 2019	Total Funds 2019	Total Funds 2018
	£	£	£	£
Other Income	34,285		34,285	22,730
Schooling Services	294,521		294,521	243,936
Rental Income	77,851		77,851	54,912
	<u>406,657</u>		<u>406,657</u>	<u>321,578</u>

In the prior year, all income was unrestricted.

5. Investment Income

	Unrestricted Funds 2019	Restricted Funds 2019	Total Funds 2019	Total Funds 2018
	£	£	£	£
Short Term Deposits	<u>8,186</u>	<u>0</u>	<u>8,186</u>	<u>5,709</u>

In the prior year, all income was unrestricted.

6. Direct Costs

	Governance	Educational Operations	Total 2019	Total 2018 (as restated)
	£	£	£	£
Pension Finance Cost		95,000	95,000	79,000
Teaching & Educational Support		28,749	28,749	33,411
Staff Related Insurance				7,366
Educational Supplies		356,270	356,270	343,335
Technology Costs		88,266	88,266	67,881
Educational Consultancy		86,047	86,047	97,465
Staff Development		66,844	66,844	71,364
Travel & Subsistence		4,096	4,096	4,845
Depreciation		448,183	448,183	371,059
Wages & Salaries		5,370,166	5,370,166	4,456,619
National Insurance		479,453	479,453	389,640
Pension Cost		1,415,763	1,415,763	1,132,952
	-	8,438,837	8,438,837	7,054,938

7. Support Costs

	Governance	Educational Operations	Total 2019	Total 2018
	£	£	£	£
Catering		411,315	411,315	335,679
Other Support Costs		222,046	222,046	137,112
Bank Charges & Interest		414	414	397
Operating Lease Rentals		23,358	23,358	12,133
Recruitment & Support		8,651	8,651	9,953
Premises Costs		1,126,260	1,126,260	525,328
Technology Costs		156,984	156,984	60,846
Travel & Subsistence		2,011	2,011	87
Audit & Accountancy Fees	32,850		32,850	23,100
Legal & Professional	31,876	20,324	52,200	70,354
Amortisation		10,204	10,204	6,803
Wages & Salaries		950,452	950,452	870,194
National Insurance		65,562	65,562	61,071
Pension Cost		198,173	198,173	165,872
	64,726	3,195,754	3,260,480	2,278,929

8. Expenditure

	Staff Costs 2019	Premises 2019	Other 2019	Total 2019	Total 2018 (as restated)
	£	£	£	£	£
Educational Operation (excluding Governance):					
Direct Costs	7,294,131	448,113	696,593	8,438,837	7,054,937
Support Costs	1,214,187	1,126,260	855,307	3,195,754	2,236,216
	<u>8,508,318</u>	<u>1,574,373</u>	<u>1,551,900</u>	<u>11,634,591</u>	<u>9,291,153</u>

9. Net Incoming Resources/(resources expended)

(stated after charging)

	Note	2019 £	2018 (as restated) £
Depreciation of Tangible Fixed Assets	6	448,183	371,059
Amortisation of Intangible Fixed Assets	7	10,204	6,803
Governance Internal Costs	7	2,200	1,100
Governance Audit Costs	7	30,650	22,000
Operating Lease Rental	7	23,358	12,133

10. Staff Costs

	Note	2019 £	2018 £
Wages & Salaries	6,7	6,320,618	5,326,814
Social Security Costs	6,7	545,015	450,712
Operating Costs of Defined Benefit Pension Schemes	6,7	1,613,936	1,298,824
		<u>8,479,569</u>	<u>7,076,350</u>
Supply Teacher Costs	6	28,749	33,411
		<u>8,508,318</u>	<u>7,109,761</u>

Included in staffing costs is a settlement within a compromise agreement payment totalling £4,176 (2018: £20,000). This payment was made on 8th July 2019.

The average number of persons employed by the Kite Academy Trust:

HEADCOUNT	2019	2018	FTE	2019	2018
Teachers	114	98	Teachers	95	78
Administration	207	199	Administration	136	119
Management	13.5	17	Management	13	16
	<u>334.5</u>	<u>314</u>		<u>244</u>	<u>213</u>

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

	2019	2018
In band £60,001-£70,000	2	4
In band £70,001-£80,000	3	1

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

During the period ended 31 August 2019, pension contributions for these staff amounted to £57,332 (2018: £52,187).

Key management comprise the Senior Leadership Team.

During the period the ended 31 August 2019 the aggregate key management personnel remuneration (including employer pension and N.I. contributions) was £730,654 (2018: £737,985).

11. Central Services

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

8% of GAG from each academy with effect from September 2018, based only on academy allocation of income.

The actual amounts charged during the period were as follows:

	2019 £	2018 £
Cross Farm Infant Academy	49,668	45,574
Fernhill Primary Academy	10,341	-
The Grove Primary Academy	121,488	117,840
Holly Lodge Primary Academy	114,084	110,400
Lakeside Nursery & Primary Academy	116,448	108,960
Mytchett Primary & Nursery Academy	64,752	64,440
Sandringham Infant & Nursery Academy	54,000	54,600
Wyke Primary Academy	66,000	5,500
Total	596,781	507,314

12. Trustees' and Officers' Insurance

The Kite Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where the 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 Trust 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.

13. Trustees' Remuneration and Expenses

The Chief Executive Officer has been paid remuneration or has received other benefits from an employment with the Kite 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 2019, there were no Trustee expenses reimbursed or paid directly to any Trustee (2018: nil).

14. Other Finance Income

	Surrey £	Hampshire £	2019 Total £	2018 £
Interest Income on Pension Scheme Assets	94,000	1,000	95,000	62,000
Interest on Pension Scheme Liabilities	(188,000)	(2,000)	(190,000)	(141,000)
	<u>(94,000)</u>	<u>(1,000)</u>	<u>(95,000)</u>	<u>(79,000)</u>

15. Intangible Fixed Assets

	Note	Software £
Cost		
At 1st September 2018		34,021
Additions		<u>17,000</u>
At 31st August 2019		51,021
Amortisation		
At 1st September 2018		20,410
Charge for the Period	7	<u>10,204</u>
At 31st August 2019		30,614
Carrying Amount		
At 31st August 2019		<u><u>20,407</u></u>
At 31st August 2018		<u><u>13,611</u></u>



16. Tangible Fixed Assets

	Long-Term Leasehold Property	Asset Under Construction	Fixtures & Fittings	Computer Equipment	Motor Vehicles	Total Fixed Assets
	£	£	£	£	£	£
Cost						
At 1 September 2018 (as previously stated)	33,208,072		38,897	161,372	12,995	33,421,336
Prior Year Adjustment (see note 19)	3,285,086					3,285,086
At 1 September 2018 (as restated)	36,493,158		38,897	161,372	12,995	36,706,422
Additions	3,540,000	113,269	-	76,448	14,995	3,744,712
As at 31st August 2019	40,033,158	113,269	38,897	237,820	27,990	40,451,134
Depreciation						
At 1 September 2018 (as previously stated)	809,928		11,464	75,810	5,198	902,400
Prior Year adjustment (see note 19)	16,032					16,032
At 1 September 2018 (as restated)	825,960	-	11,464	75,810	5,198	918,432
Charge for the Period	371,474		5,835	66,276	4,598	448,183
As at 31st August 2019	1,197,435	-	17,299	142,086	9,796	1,366,615
Net Book Value						
As at 31st August 2019	38,835,723	113,269	21,598	95,734	18,194	39,084,519
As at 31st August 2018 (as restated)	35,667,198		27,433	85,561	7,797	35,787,989

The land and buildings at Fernhill Primary School are held under a 125-year lease agreement with Hampshire County Council commencing 1st June 2019 at nil cost. The land and buildings at the remaining academies are held under 125-year lease agreements with Surrey County Council commencing 1st October 2015, 1st December 2016 and 31st July 2018 at nil cost. Included in land and buildings is leasehold land valued at £21.5 million which is not depreciated.

The land and buildings at Fernhill Primary School were valued at £3.5 million on 1st June 2019 by Hampshire County Council.

Land and buildings at Wyke Primary School were valued at £4.5 million by ESFA dated 28th January 2019. A prior year adjustment has been made to recognise the ESFA valuation. The 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 have been valued at £32 million by ESFA.

17. Debtors

	2019 £	2018 £
Trade Debtors	21,595	9,702
VAT Repayable	134,030	38,393
Other Debtors	4,991	324
Prepayments & Accrued Income	226,760	358,713
	<u>387,376</u>	<u>407,132</u>

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade Creditors	506,924	200,908
Other Taxation & Social Security	133,768	112,121
Other Creditors	144,023	124,619
Accruals & Deferred Income	441,604	387,935
	<u>1,226,319</u>	<u>825,582</u>

Deferred Income

	£
Deferred Income at 1st September 2018	256,014
Resources Deferred during the Year	307,112
Amounts Released from Previous Year	<u>(256,014)</u>
Deferred Income at 31st August 2019	<u>307,112</u>

Deferred income includes Universal Free School Meals funding for 2019/20 of £183,913; DFC funding for 2019/20 £51,076; Early Years funding £17,396; Rates relief for 2019/20 £22,651 and breakfast/after school club monies for 2019/20 £10,234 and other deferred income of £21,842.

19. Prior Year Adjustment

A prior year adjustment has been made following the publication of the ESFA Valuation Report of Wyke Primary School dated 28th January 2019. 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 2018 have been increased by £3,269,053 to reflect this.

20. Statement of Funds 2018 - 2019

	2018 Brought Forward (as restated)	2019 Income	2019 Expenditure	2019 Transfers in/out	2019 Gains/ (Losses)	2019 Carried Forward
	£	£	£	£	£	£
Unrestricted Funds						
General Fund	1,237,582	489,340	(636,463)			1,090,459
School Fund	89,000	226,864	(209,475)			106,389
	<u>1,326,582</u>	<u>716,204</u>	<u>(845,938)</u>			<u>1,196,848</u>
Restricted Funds						
Restricted Donations		23,575	(23,575)			
General Annual Grant (GAG)		6,658,476	(6,528,252)	(130,224)		
Start Up Grant		50,000	(50,000)			
Other EFA/DfE Grants		933,306	(933,306)			
MAT Development & Improvement Fund		102,000	(102,000)			
School Improvement Grant		20,000				20,000
Devolved Formula Capital Grant		129,270	(25,951)	(103,319)		
Project Delivery Grant	74,000			(74,000)		
Condition Improvement Fund		326,026	(456,250)	130,224		
Pupil Premium		363,620	(363,620)			
Rates Relief		41,945	(41,945)			
Sports Grant		129,990	(129,990)			
Universal Infant Free School Meals		358,403	(358,403)			
Other Local Authority Grants		505,958	(505,958)			
Special Educational Needs		297,057	(297,057)			
SCITT Funding		23,685	(23,685)			
Pension Reserve	(3,149,000)	(123,000)	(555,000)		(1,150,000)	(4,977,000)
	<u>(3,075,000)</u>	<u>9,840,311</u>	<u>(10,394,992)</u>	<u>(177,319)</u>	<u>(1,150,000)</u>	<u>(4,957,000)</u>
Restricted Fixed Asset Fund						
Assets Inherited on Conversion	35,629,806	3,540,000	(371,474)			38,798,322
ESFA Funded Asset Under Construction		162,590		74,000		236,590
Other Capital Funding	171,805	5,124	(86,913)	103,319		193,335
	<u>35,801,611</u>	<u>3,707,714</u>	<u>(458,387)</u>	<u>177,319</u>		<u>39,228,257</u>
Total Restricted Funds	<u>32,766,111</u>	<u>13,548,025</u>	<u>(10,853,379)</u>	<u>-</u>	<u>(1,150,000)</u>	<u>34,271,257</u>
Total Funds	<u>34,053,193</u>	<u>14,264,229</u>	<u>(11,699,317)</u>	<u>-</u>	<u>(1,150,000)</u>	<u>35,468,105</u>

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Statement of Funds 2017 – 2018

	2018 Brought Forward	2018 Income	2018 Expenditure	2018 Transfers in/out	2018 Gains/ (Losses)	2018 Carried Forward
	(as restated)	£	£	£	£	£
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		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	31,493,840	4,454,393	(317,673)			35,629,806
Other Capital Funding	196,854		(60,188)	34,385		171,805
	<u>31,690,694</u>	<u>4,454,393</u>	<u>(377,861)</u>	<u>34,385</u>		<u>35,801,611</u>
Total Restricted Funds	<u>28,733,991</u>	<u>12,359,833</u>	<u>(8,884,214)</u>		<u>517,000</u>	<u>32,726,611</u>
Total Funds	<u>29,802,107</u>	<u>13,067,952</u>	<u>(9,333,867)</u>		<u>517,000</u>	<u>34,053,193</u>

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 academy that has been provided to the Trust 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 Trust.

The Start-up Grant Fund represents grants from the ESFA for the start-up of the newly converted Kite Academy Trust.

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

The MAT Development & Improvement Fund represents funding from the ESFA for developing and expanding the Trust.

School Improvement Grant represents funding from the ESFA for Fernhill School.

Devolved Formula Capital Fund represents grants from the local authority for capital maintenance of the academy sites. This is based on student numbers.

Condition Improvement Fund represents grant funding from the ESFA for re-roofing and health & safety projects at three of our academies.

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's 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 Academy.

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

Restricted Fixed Asset Funds

The inherited fixed assets fund has been set up to recognise the tangible assets gifted to the Trust upon conversion which represent the academy 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 2019.

Analysis of Academies by Fund Balance

	Total 2019	Total 2018 (as restated)
	£	£
Cross Farm Infant Academy	(9,859)	(8,702)
Fernhill Primary Academy	30,187	-
The Grove Primary Academy	257,763	299,213
Holly Lodge Primary Academy	223,413	335,802
Lakeside Nursery & Primary Academy	160,498	276,290
Mytchett Primary & Nursery Academy	125,688	145,784
Sandringham Infant & Nursery Academy	168,654	162,759
Wyke Primary Academy	91,155	108,532
Central Services	169,349	80,907
Total before fixed asset fund and pension reserve	1,216,848	1,400,585
Restricted fixed asset fund	39,228,257	35,801,610
Pension reserve	(4,977,000)	(3,149,000)
	<u>35,468,105</u>	<u>34,053,192</u>

Analysis of Academies by Cost

Expenditure incurred by each Academy during the Year:

	Teaching & Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs excluding Depreciation	Total 2019	Total 2018
	£	£	£	£	£	£
Cross Farm	487,965	85,714	33,288	170,111	777,078	712,143
Fernhill	99,083	9,689	4,566	33,596	146,934	0
The Grove	1,453,446	119,877	100,854	236,103	1,910,280	1,822,298
Holly Lodge	1,153,148	156,697	109,633	468,200	1,887,678	1,509,586
Lakeside	1,286,949	178,167	93,676	445,377	2,004,169	1,692,727
Mytchett	705,332	222,497	78,506	171,969	1,178,304	1,081,896
Sandringham	591,017	139,407	39,675	164,513	934,612	915,423
Wyke	656,518	76,294	74,826	222,118	1,029,756	87,930
Central Services	125,030	510,473	5,688	180,757	821,948	614,848
Total	<u>6,558,488</u>	<u>1,498,815</u>	<u>540,712</u>	<u>2,092,744</u>	<u>10,690,759</u>	<u>8,436,851</u>

21. Analysis of Net Assets between Funds

	Unrestricted Funds 2019	Restricted Funds 2019	Restricted Fixed Asset Fund 2019	Total Funds 2019	Total Funds 2018 (as restated)
	£	£	£	£	£
Intangible Fixed Assets			20,407	20,407	13,611
Tangible Fixed Assets			39,084,519	39,084,519	35,788,000
Current Assets	1,196,848	1,246,319	123,331	2,566,498	2,226,164
Creditors Due within One Year		(1,226,319)		(1,226,319)	(825,582)
Provisions for Liabilities & Charges		(4,977,000)		(4,977,000)	(3,149,000)
Total Net Assets between Funds	<u>1,196,848</u>	<u>(4,957,000)</u>	<u>39,228,257</u>	<u>35,468,105</u>	<u>34,053,193</u>

22. Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities

	2019	2018 (as restated)
	£	£
Net Income for the Year (as per Statement of Financial Activities)	2,564,912	3,734,084
Adjustment for:		
Depreciation Charges	448,183	371,059
Amortisation	10,204	6,803
Dividends, Interest & Rents from Investments	(8,186)	(5,709)
Reduction in Debtors	19,755	(179,544)
Increase in Creditors	400,737	(150,783)
Capital Grants from DfE & Other Capital Income	(296,984)	(80,688)
Net Gain on Assets & Liabilities from Local Authority on Conversion	(3,469,856)	(4,374,915)
Pension Adjustment	555,000	423,000
Net Cash Provided by Operating Activities	223,765	(256,693)

23. Analysis of Cash and Cash Equivalents

	2019	2018
	£	£
Cash in Hand	717,691	815,093
Notice Deposits (less than 3 months)	1,461,431	1,003,951
Total	2,179,122	1,819,043

24. Conversion to an Academy

On 1 June 2019 Fernhill Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Kite Academy Trust from Hampshire 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.

	Unrestricted funds	Restricted funds	Restricted fixed asset fund	Total funds
	£	£	£	£
Freehold/leasehold land and buildings			3,540,000	3,540,000
Other assets	52,856			52,856
LGPS pension surplus/(deficit)		(123,000)		(123,000)
Net assets/(liabilities)	52,856	(123,000)	3,540,000	3,469,856

Included within the unrestricted funds is £7,856 following confirmation of balances transferred to Wyke Primary School from Surrey County Council in January 2019.

25. Pension Commitments

The Kite Academy Trust's employees belong to the following 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 and Hampshire County Council. Each scheme is a multi-employer defined benefit pension scheme.

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 £143,592 were payable to the schemes at 31st August 2019 (2018: £123,796) 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 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £646,034 (2018: £537,388).

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 2019 was £643,952 (2018: £535,255), of which employer's

contributions totalled £507,901 (2018: £423,814) and employees' contributions totalled £136,051 (2018: £111,441). 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 Multi Academy Trust 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

	Surrey LGPS			
	2019 %	2018 %	Hampshire 2019	%
Discount Rate for Scheme Liabilities	1.8	2.8	1.9	
Rate of Increase in Salaries	2.6	2.7	3.6	
Rate of Increase for Pensions in Payment/Inflation	2.3	2.4	2.1	
Inflation Assumption (CPI)	2.3	2.4	2.1	
Inflation Assumption (RPI)	3.3	3.4	3.1	

The current mortality assumption includes sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2019	2018	Hampshire 2019
Retiring Today:			
Males	21.6	22.5	23.1
Females	23.6	24.6	25.8
Retiring in 20 Years:			
Males	22.5	24.1	24.7
Females	25.0	26.1	27.6

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

Change in Assumptions at 31 August 2019	Approximate Increase to Defined Benefit Obligation %	Approximate Monetary Amount £000	Approximate Increase to Defined Benefit Obligation (Hampshire) %	Approximate Monetary Amount (Hampshire) £000
0.5% decrease in Real Discount Rate	13	1,100	11	40
0.5% increase in Salary Increase Rate	2	149	4	15
0.5% increase in Pension Increase Rate	11	929	7	25
1 year increase in Life Expectancy		435		12
Change in Assumptions at 31 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 Salary Increase Rate	2	128		
0.5% increase in Pension Increase Rate	11	654		
1 year increase in Life Expectancy		249		

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

	Fair Value at 31 August 2019 £	Fair Value at 31 August 2018 £	Hampshire 2019 £
Equities	2,763,000	2,212,000	118,000
Debt Instruments	701,000	522,000	60,000
Property	311,000	215,000	14,000
Cash	117,000	123,000	4,000
Total Market Value of Assets	<u>3,892,000</u>	<u>3,072,000</u>	<u>196,000</u>

The actual return on scheme assets was £122,000 (2018: £65,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2019 £	2018 £	Hampshire 2019 £
Past Service Cost	-	-	(30,000)
Current Service Cost	(919,000)	(702,000)	(22,000)
Interest Income	94,000	62,000	-
Interest Cost	(188,000)	(141,000)	(1,000)
Total	<u>(1,013,000)</u>	<u>(781,000)</u>	<u>(53,000)</u>

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

	2019 £	2018 £	Hampshire 2019 £
Opening Defined Benefit Obligation	6,221,000	5,239,000	296,000
Upon Conversion	-	529,000	-
Current Service Cost	919,000	702,000	22,000
Interest Cost	188,000	141,000	2,000
Contributions by Employees	134,000	92,000	2,000
Changes and Assumptions	1,267,000	(452,000)	14,000
Benefits Paid	(30,000)	(30,000)	-
Closing Defined Benefit Obligation	-	-	-
Past Service Costs	-	-	30,000
	<u>8,699,000</u>	<u>6,221,000</u>	<u>366,000</u>

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

	2019 £	2018 £	Hampshire 2019 £
Opening Fair Value of Scheme Assets	3,072,000	2,188,000	173,000
Upon Conversion	-	337,000	-
Interest	94,000	62,000	1,000
Return on Plan Assets	122,000	65,000	9,000
Employer Contributions	500,000	358,000	11,000
Employee Contributions	134,000	92,000	2,000
Benefits Paid	(30,000)	(30,000)	-
Closing Defined Benefit Obligation	<u>3,892,000</u>	<u>3,072,000</u>	<u>196,000</u>

26. Operating Lease Commitments

At 31 August 2019, the total of the Kite Academy Trust's future minimum lease payment under non-cancellable operating leases was:

	2019 £	2018 £
Amounts Payable:		
Within 1 Year	6,284	11,019
Between 1 and 5 Years	4,906	4,291
Total	11,190	15,310

	2019 £	2018 £
Amounts Receivable:		
Within 1 Year	5,750	5,298
Between 1 and 5 Years	11,447	17,197
After More Than 5 Years	0	0
Total	17,197	22,495

27. Capital Commitments

At year end, there was a new build construction project at Lakeside with a capital commitment of £314,954 as follows:

- Contract Sum £428,223
- Spend at 31 August 2019 £113,269
(included in Fixed Assets as Assets Under Construction)

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 Kite Academy Trust'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 Trust financial regulations and normal procurement procedures.

During the year ended 31 August 2019, no related party transactions took place in the period of account.

30. Legal Status

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