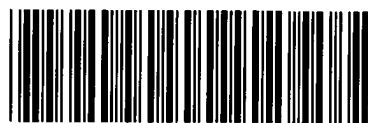


THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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

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

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	N Uzzell N Tucker J Randell-Sly
Trustees	L Burdekin (appointed 5 January 2017, resigned 12 September 2017) ^{1,2} S Edge ^{1,3} G Evans, Chief Executive Officer ^{1,3} P Himple, Chair of Finance ^{1,2} J Hobbs (appointed 10 October 2016) ³ S Marshall (appointed 24 April 2017) ³ J Randell-Sly, Chair ³ R Soare ^{1,2} ¹ Finance, Personnel and Resources Committee ² Risk, Audit and Strategy Committee ³ School Improvement Committee
Company registered number	09889819
Company name	The Blue Kite Academy Trust
Principal and registered office	Ferndale Primary and Nursery School Wiltshire Avenue Swindon Wiltshire SN2 1NX
Company secretary	J Hayward
Chief executive officer	G Evans
Senior management team	Y McQuade, Finance Manager A Beadnell, Head Teacher - Ruskin S Edge, Director of Operations E Horrobin, Head of Teaching & Learning A Wood, Trust Business Manager
Independent auditors	Bishop Fleming Bath Limited Chartered Accountants Statutory Auditors Minerva House Lower Bristol Road Bath BA2 9ER
Bankers	Lloyds Bank plc 5 High Street Swindon SN1 3EN

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Solicitors	Browne Jacobson Mobray House Castle Meadow Road Nottingham NG2 1BJ
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**THE BLUE KITE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 primary academies in Swindon. Its academies have a combined pupil capacity of 858 and had a roll of 848 in the school census on 6 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

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

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

Members' Liability

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

Trustees' Indemnities

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

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

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

- up to 6 Trustees who are appointed by members.
- up to 1 staff Trustee appointed by the Trustee board.
- up to 2 Community Trustees who are appointed by the Trustee board.
- the Chief Executive Officer who is treated for all purposes as being an ex-officio Governor.
- Up to 5 co-opted directors who are appointed by members or member-appointed directors.

Members/Member Appointed Trustees may appoint a member of staff as a co-opted trustee as long as the number of staff Trustees, including the Chief Executive Officer, does not exceed one third of the total number of Trustees.

Each academy within the Trust retains its own Local Governing Body where two parent governors can be elected onto each governing body. As such there are no Parent Trustees.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

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

There are 3 committees as follows;

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

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

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

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Local Governing Body of each Academy. The Headteacher, along with the Senior Leadership Team implement the policies laid down by the Trustees and report back to them on performance.

The Trust has a leadership structure which consists of governors, the Headteacher, the Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trust Leadership Team consists of the Chief Executive Office, the Headteacher of each academy, one Head of Teaching and Learning, one Director of Operations, one Finance Manager and one Trust Business Manager.

The Trust Leadership Team controls each Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Chief Executive Officer, Chief Financial Officer, Headteacher of each academy and Finance Manager are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor.

The Academy Trust comprises two primary schools – Ferndale Primary and Nursery School and Ruskin Junior School and is in the process of building a primary free-school in East Swindon. Each school has its own Governing Body responsible for the wellbeing of staff and pupils and education standards and progress.

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

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

Details of Trustees' expenses and related party transactions if any, are disclosed in the notes to the accounts.

The Trustees benchmark against pay levels in other academies of a similar size.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of The Blue Kite Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with the Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

The aims of the Trust during the year ended 31 August 2017 are summarised below:

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

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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

Objectives, Strategies and Activities

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

- Raise attainment at Ruskin at GPS and Maths
- Improve monitoring across the trust and make sure that Ruskin is being judged against Ofsted 'good' criteria and measure Ferndale against outstanding.
- Ensure that assessment systems are now synchronised across the trust.
- Begin to align the office structures at Ferndale and Ruskin
- Raise attainment at Ruskin at GPS and Maths. GPS did rise slightly but Maths dropped by 2%. Both relatively stable to the year before but this was due to contextual issues with an incredibly complex cohort. See the results section below for a fuller explanation.
- Improve monitoring across the trust and make sure that Ruskin is being judged against Ofsted 'good' criteria and measure Ferndale against outstanding. New monitoring forms were created based on the latest criteria and joint observations and learning walks were carried out at both schools with senior and middle leaders from both schools. It gave clear points for development as well as giving a good idea to the leadership teams where the schools were on their journey of improvement.
- Ensure that assessment systems are now synchronised across the trust. Target Tracker is now being used in both schools and both sets of staff have been trained on how to use it effectively. We have also purchased the MAT version which allows us to combine data from both schools and compare and monitor groups more effectively.
- Begin to align the office structures at Ferndale and Ruskin. A trust business manager has been employed to support changes at Ruskin and also to help align our working practices. She is an experienced business manager and has worked in both schools and academies. This allowed us to transform the working practices at Ruskin as well as redefine the roles of some of the admin staff. We now have a finance team who work for both schools and our next step is looking at HR.

Public Benefit

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

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

As a Trust we have a duty to support other schools. During the Spring term we supported Bridlewood Primary school, as they were without a headteacher and being judged as inadequate by the LA before awaiting their Ofsted. Their report notes that in a short time we made an impact in that school.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

STRATEGIC REPORT

Achievements and Performance

The Trust is in its second year of operation and has exceeded the forecast number of students at Ferndale. For the first time we are now full in all year groups with a healthy waiting list, bringing our total number of students up to 505, taking into account the extra class intake in year in Y1.

At Ruskin we have seen falling numbers which is not directly related to the school but is a pattern emerging through the infant school which will unfortunately continue for the next two years, but seems to pick up again in their current Reception year. However through increased parental engagement and a closer working relationship with Beechcroft Infant School, in September 2016, Ruskin has had some extra pupils join taking its roll to 347.

SATS

Ferndale

Although Ferndale took in 6 children with little English during the year, the results are an improvement to last year. Children in Year 6 also had an above average level of High Needs, but despite this they managed to perform significantly above the targets set for them. This demonstrates the excellent teaching of the staff at Ferndale. We were particularly impressed with the results of the higher attaining pupils in English and Maths.

		Cohort	School	LA	National	School 2016
Expected Standard	Reading	54	74.0%	72.4%	71.0%	67.0%
	Writing	54	78.0%	76.2%	76.0%	77.0%
	GPS	54	76.0%	77.7%	77.0%	85.0%
	Maths	54	78.0%	75.5%	75.0%	76.0%
	Science	54	78.0%	80.1%	81.7%	80.0%
	RWM	54	70.0%	61.4%	61.0%	53.0%
GDS / High Standard	Reading	54	30.0%	24.9%	25.0%	20.0%
	Writing	54	17.0%	15.6%	18.0%	4.0%
	GPS	54	41.0%	30.2%	31.0%	31.0%
	Maths	54	30.0%	19.9%	23.0%	13.0%
	RWM	54	15.0%	8.0%	9.0%	4.0%
Average Scaled Score	Reading	54	104.0	104.4	104.1	103.1
	GPS	54	107.4	106.0	106.0	106.0
	Maths	54	105.5	104.0	104.2	102.8

Ruskin

At Key Stage 2, a particularly challenging year group achieved good results for its cohort although the results were lower than the previous year. This reflects the high level of need in the year group. Before the school became an academy the year group suffered from high levels of staff sickness over long and sustained periods of time, they were changed from 4 classes down to 3 to help deal with staffing issues.

A priority for the new leadership team was stabilising behaviour in this year group which included some very disruptive children. There was a Permanent Exclusion and 2 managed moves for other pupils. This coupled with low expectations across the school as well as an inadequate curriculum and inaccurate assessment led to a cohort with particularly low outcomes throughout their schooling.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

		Cohort	School	LA	National
Expected Standard	Reading	96	62%	72%	71%
	Writing	96	72%	76%	76%
	GPS	96	66%	78%	77%
	Maths	96	59%	76%	75%
	Science	96	60%	80%	82%
	RWM	96	46%	61%	61%
GDS / High Standard	Reading	96	16%	25%	25%
	Writing	96	2%	16%	18%
	GPS	96	24%	30%	31%
	Maths	96	9%	20%	23%
	RWM	96	0%	8%	9%
Average Scaled Score	Reading	96	101.5	104.4	104.1
	GPS	96	104.1	106.0	106.0
	Maths	96	101.2	104.0	104.2

If you look at the progress this year group has made against its starting point from the previous year when the school joined the trust, you can see significant improvement.

Progress

	Age related at the end of Y5	Age related at the end of Y6
Reading	40.0%	66.0%
Writing	20.0%	72.0%
Maths	42.0%	59.0%
RWM	31.0%	46.0%

Attainment

	Expected standard		GDS/Higher		Average Scales Score	
	2016	2017	2016	2017	2016	2017
Reading	66.0%	62.0%	10.0%	16.0%	101.3	101.5
Writing	61.0%	72.0%	2.0%	2.0%	-	-
GPS	63.0%	66.0%	15.0%	24.0%	102.5	104.1
Maths	62.0%	59.0%	11.0%	9.0%	100.8	101.2
Science	46.0%	60.0%	-	-	-	-
RWM	43.0%	46.0%	-	-	-	-

Strengths

- Although attainment is still lower than National, overall the results show a more accurate and stable picture than in previous years. It shows that as a result of intense intervention and focused teaching the school was able to make progress with a difficult cohort who had received years of inadequate and inconsistent teaching.
- Disadvantaged achieving expected - although they are still down on last year's National results, they increased from 38% in maths to 50%, dipped from 56% in reading to 50% but rose from 44% to 50% for GPS. They also rose from 44% last year in writing to 63% this year.
- Average scaled scores were higher in all subjects this year rising from 101.3 to 101.5 in reading, 100.9 to 101.2 in maths and 102.4 to 104 in GPS.
- The percentage of children achieving higher scaled scores for reading went from 10% to 16% and 15% to 24% in GPS.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Areas for Development

- Attainment and progress needs to improve in all subjects to show an upward trajectory and must be closer if not at least in line with National.
- RWM combined scores for children need to improve so that they are more consistent for each pupil.
- Outcomes in maths need to be improved.
- Science assessment and outcomes need to be investigated.
- Large amounts of CPD over the last two years have been focused on raising attainment in Maths and GPS which although has had an impact lower down the school we need to investigate why it didn't translate as effectively into some year groups.

Key Performance Indicators

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2016/17 were 862, a decrease of 3 over 2015/16. It is anticipated that this number will continue to fall for the next two years due to smaller cohorts entering Ruskin Junior School from Beechcroft Infant School. There should be a significant increase in numbers in years three and four taking Ruskin back to near full capacity.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2016 this was 84.9%. Staffing Costs as a percentage of total income was 68.3%

- Disadvantaged achieving expected - although they are still down on last year's National results, they increased from 38% in maths to 50%, dipped from 56% in reading to 50% but rose from 44% to 50% for GPS. They also rose from 44% last year in writing to 63% this year.
- Average scaled scores were higher in all subjects this year rising from 101.3 to 101.5 in reading, 100.9 to 101.2 in maths and 102.4 to 104 in GPS.
- The percentage of children achieving higher scaled scores for reading went from 10% to 16% and 15% to 24% in GPS.

Areas for Development:

Attainment and progress needs to improve in all subjects to show an upward trajectory and must be closer if not at least in line with National.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2017, the Trust received total income of £4,531,108 and incurred total expenditure of £4,275,032. The excess of income over expenditure for the year was £256,076.

At 31 August 2017 the net book value of fixed assets was £6,479,887 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The land, buildings and other assets were transferred to the Trust upon conversion. Land and buildings were professionally valued on conversion at £6,220,000. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 24 to the financial statements.

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

Reserves Policy

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

The Trustees have determined that the appropriate level of free cash reserves should be approximately one month's charitable activities resources expended (excluding depreciation and gains or losses on disposals) which covers fixed running costs. The reason for this is:

1. To manage known risks which are not insurable or where insurance does not provide value for money
2. To provide for unexpected and unpredictable needs
3. To maintain current staffing levels

The Trust aims to grow this level of reserves over the next five years.

At the end of the last financial year (2015/16) there were free reserves of £73,203. The trust plans to build reserves to equal one months recurring expenditure over the next five years. Total reserves of the Trust amount to £5,946,918 although £5,740,258 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £206,660 (representing £139,982 unrestricted funds and £66,678 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income.

Investment Policy

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

Due to the nature and timing of receipt of funding, the Trust may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the CEO and Finance Director within strict guidelines approved by the Board of Trustees.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

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

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 80% of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

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

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

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

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

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

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

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Risks to revenue funding from a falling roll are significant for one school in the trust over the next two years. Additionally the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 24 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Trust will continue to work with partner schools to improve the educational opportunities for students in the wider community, whilst also working towards growing the Trust by forging new partnerships with good schools.

Following the notification of a successful Free Schools bid, the Trust will commence construction of a new primary school at Badbury Park in the coming year. We continue to work with the ESFA to establish an opening date for the school, in either September 2018 or 2019.

Due to our success in working with other schools, we have been approached by several schools with a view to them joining the trust.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

TRUSTEES INDEMNITIES

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

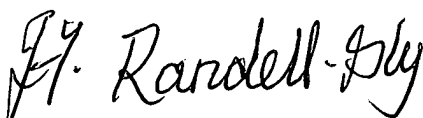
AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' Report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 7/12/2017 and signed on the board's behalf by:



**J Randell-Sly
Chair of Trustees**

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

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
L Burdekin	4	6
S Edge	6	6
G Evans, Chief Executive Officer	6	6
P Himple, Chair of Finance	4	6
J Hobbs	5	6
S Marshall	2	4
J Randell-Sly, Chair	6	6
R Soare	4	6

There have been the following additions to the board of trustees:

Jan Hobbs	Appointed 10th October 2016
Lisa Burdkin	Appointed 5th January 2017
Sue Marshall	Appointed 24th April 2017

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

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

The Trustees continue to review and develop these policies and controls as the trust matures. Gaps in the Trustees skills base are being actively addressed by seeking Trustees with specific skills, predominantly finance and legal skills.

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

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

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr Paul Himple	3	3
Mrs Rachel Soare	2	3
Mrs Sammy Edge	3	3
Mr Gary Evans	3	3
Mrs Lisa Burdekin	1	3

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Lisa Burdekin	0	2
Mr Paul himple	2	2
Mrs Rachel Soare	2	2

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

An in-school audit of provision will be carried out for each school joining the Trust. The School Improvement Committee will analyse data including RAISE online and Ofsted reports and assist in putting a support plan in place for schools graded below good.

Good and outstanding academies will be encouraged to facilitate further development and also engage in delivering school to school support.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Jan Hobbs	2	2
Mrs Judith Randell-Sly	2	2
Mr Gary Evans	2	2
Mrs Sammy Edge	2	2
Mrs Sue Marshall	0	1

REVIEW OF VALUE FOR MONEY

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

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

- Robust financial governance and budget management.
- Value for money purchasing.
- Reviewing controls and managing risk.
- Not allocating time/resources to areas where few improvements can be achieved.
- Making comparisons with similar Academies using data provided by the ESFA and the Government.
- Challenging proposals and examining their effectiveness and efficiency.

GOVERNANCE STATEMENT (continued)

- Deploying staff effectively.
- Reviewing quality of curriculum provision and quality of teaching.
- Reviewing quality of children's learning to enable children to achieve nationally expected progress.
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.
- At Ferndale, during the previous year, our new nursery suffered from lower than predicted admission numbers. To accommodate that and reduce the predicted deficit going forward, we restructured the staff to meet the ratios for the actual pupil numbers. Through careful planning, transparency with staff and some redeployment we managed to avoid any redundancies. The financial situation is much improved this year and the nursery is showing a surplus for the first time.
- Following a staffing review at Ruskin, as well as forward planning which matches the drop in pupil numbers, some TAs have left and the school has chosen not to replace them.
- Trustees will continue to review the equal pay loan, payable to Swindon Borough Council. They will determine the benefits of early repayment of this loan, to save loan interest payments and when the Trust will be best placed to action this.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Blue Kite Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Financial Services for Schools as internal auditor.

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

GOVERNANCE STATEMENT (continued)

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank account reconciliations

On a semi-annual basis, the internal auditor reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

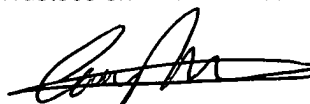
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Board of Trustees on **7/12/2017** and signed on their behalf, by:


J Randell-Sly
Chair of Trustees


G Evans
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Blue Kite Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



**G Evans
Accounting Officer**

7/12/2017

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who act as governors of The Blue Kite Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



**J Randell-Sly
Chair of Trustees**

Date: 7/12/2017

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

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

OPINION

We have audited the financial statements of The Blue Kite Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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 Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

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

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

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

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

AUDITOR'S 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 Auditor's 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. The description forms part of our Auditor's report.

Bishop Fleming Bath Limited

John Talbot FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date:

14 December 2017

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

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

In accordance with the terms of our engagement letter dated 19 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Blue Kite Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Blue Kite Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Blue Kite Academy Trust and 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 Blue Kite Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of The Blue Kite Academy Trust's funding agreement with the Secretary of State for Education dated 16 December 2015, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE BLUE
KITE ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bishop Fleming Bath Limited

John Talbot FCA (Reporting Accountant)

Bishop Fleming Bath Limited

Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date: *14 December 2017*

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

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	(As restated 9 month period) Total funds
	Note	2017	2017	2017	2017	2016
		£	£	£	£	£
INCOME FROM:						
Donations & capital grants:						
Donation on conversion	2	-	-	-	-	5,883,558
Other donations and capital grants	2	-	499,241	-	499,241	319,347
Charitable activities	3	254,925	3,641,707	-	3,896,632	1,928,309
Other trading activities	4	134,859	-	-	134,859	65,798
Investments	5	376	-	-	376	238
Other income		-	-	-	-	37,629
TOTAL INCOME		390,160	4,140,948	-	4,531,108	8,234,879
EXPENDITURE ON:						
Raising funds		-	-	-	-	2,079
Charitable activities		326,063	3,791,038	157,931	4,275,032	2,112,958
TOTAL EXPENDITURE	6	326,063	3,791,038	157,931	4,275,032	2,115,037
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		64,097	349,910	(157,931)	256,076	6,119,842
Transfers between Funds	20	2,682	(91,801)	89,119	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		66,779	258,109	(68,812)	256,076	6,119,842
Actuarial gains/(losses) on defined benefit pension schemes	24	-	333,000	-	333,000	(762,000)
NET MOVEMENT IN FUNDS		66,779	591,109	(68,812)	589,076	5,357,842
RECONCILIATION OF FUNDS:						
Total funds brought forward		73,203	(1,264,060)	6,548,699	5,357,842	-
TOTAL FUNDS CARRIED FORWARD		139,982	(672,951)	6,479,887	5,946,918	5,357,842

The notes on pages 28 to 54 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2017

				(As restated 9 month period)
	Note	£	2017 £	2016 £
FIXED ASSETS				
Tangible assets	14		6,479,887	6,377,619
CURRENT ASSETS				
Debtors	15	473,263		119,668
Cash at bank and in hand		453,960		394,520
		<u>927,223</u>		<u>514,188</u>
CREDITORS: amounts falling due within one year	16	<u>(287,629)</u>		<u>(241,642)</u>
NET CURRENT ASSETS			639,594	272,546
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,119,481</u>	<u>6,650,165</u>
CREDITORS: amounts falling due after more than one year	17		<u>(58,563)</u>	<u>(68,323)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			7,060,918	6,581,842
Defined benefit pension scheme liability	24		<u>(1,114,000)</u>	<u>(1,224,000)</u>
NET ASSETS			<u>5,946,918</u>	<u>5,357,842</u>
FUNDS OF THE ACADEMY TRUST				
Restricted funds:				
General funds	20	441,049		(40,060)
Fixed asset funds	20	6,479,887		6,548,699
Restricted funds excluding pension liability		<u>6,920,936</u>		<u>6,508,639</u>
Pension reserve		<u>(1,114,000)</u>		<u>(1,224,000)</u>
Total restricted funds			5,806,936	5,284,639
Unrestricted funds	20		<u>139,982</u>	<u>73,203</u>
TOTAL FUNDS			<u>5,946,918</u>	<u>5,357,842</u>

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

**BALANCE SHEET (continued)
AS AT 31 AUGUST 2017**

The financial statements on pages 24 to 54 were approved by the Trustees, and authorised for issue, on **7/12/2017** and are signed on their behalf, by:

A handwritten signature in black ink, appearing to read 'J Randell-Sly', written in a cursive style.

**J Randell-Sly
Chair of Trustees**

The notes on pages 28 to 54 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

		31 August	9 months ended
		2017	31 August
			(As restated)
	Note	£	2016
			£
Cash flows from operating activities			
Net cash provided by operating activities	22	<u>153,978</u>	<u>366,637</u>
Cash flows from investing activities:			
Interest received		376	238
Purchase of tangible fixed assets		(215,486)	(191,401)
Capital grants from DfE/ESFA		<u>128,245</u>	<u>222,883</u>
Net cash (used in)/provided by investing activities		<u>(86,865)</u>	<u>31,720</u>
Cash flows from financing activities:			
Repayments of borrowings		(7,673)	(3,837)
Net cash used in financing activities		<u>(7,673)</u>	<u>(3,837)</u>
Change in cash and cash equivalents in the year		59,440	394,520
Cash and cash equivalents brought forward		<u>394,520</u>	<u>-</u>
Cash and cash equivalents carried forward	23	<u><u>453,960</u></u>	<u><u>394,520</u></u>

The notes on pages 28 to 54 form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 GENERAL INFORMATION

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

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.3 GOING CONCERN

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

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

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

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

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

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

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

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.

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

All expenditure is inclusive of irrecoverable VAT.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Land	-	125 years straight line
Leasehold Property	-	50 years straight line
Leasehold Improvements	-	25 years straight line
Motor vehicles	-	5 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	4 years straight line

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

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

1.7 OPERATING LEASES

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

1.8 DEBTORS

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

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.10 LIABILITIES AND PROVISIONS

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

1.11 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.12 TAXATION

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

1.13 PENSIONS

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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

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

1.14 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Critical areas of judgment:

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	(As restated 9 month period) Total funds 2016 £
Donation on conversion	-	-	-	-	5,883,558
Donations	-	16,712	-	16,712	96,464
Capital Grants	-	482,529	-	482,529	222,883
Subtotal	-	499,241	-	499,241	319,347
	-	499,241	-	499,241	6,202,905
<i>Total 2016</i>	350	(24,853)	6,227,408	6,202,905	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	(9 month period) Total funds 2016 £
Education	80,407	3,638,348	3,718,755	1,830,972
Nursery	174,518	3,359	177,877	97,337
	254,925	3,641,707	3,896,632	1,928,309
<i>Total 2016</i>	86,991	1,841,318	1,928,309	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	(9 month period) Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	2,933,666	2,933,666	1,557,524
Start up Grants	-	-	-	70,000
Other DfE/ESFA grants	-	378,361	378,361	175,397
	-	3,312,027	3,312,027	1,802,921
Other Government grants				
Other government grants non capital	-	88,843	88,843	1,916
High Needs	-	235,757	235,757	36,481
	-	324,600	324,600	38,397
Other funding				
Internal catering income	45,513	-	45,513	-
Sales to students	-	1,655	1,655	-
Other	34,894	66	34,960	-
	80,407	1,721	82,128	-
	80,407	3,638,348	3,718,755	1,841,318
Total 2016	-	1,841,318	1,841,318	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	(9 month period) Total funds 2016 £
Lettings	5,699	-	5,699	4,105
Consultancy	12,755	-	12,755	-
Fees received	90,952	-	90,952	36,757
Other	25,453	-	25,453	24,936
	134,859	-	134,859	65,798
Total 2016	40,915	24,883	65,798	

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NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	(As restated 9 month period) Total funds 2016 £
Bank interest	376	-	376	238
<i>Total 2016</i>	238	-	238	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	(9 month period) Total 2016 £
Education:					
Direct costs	2,499,048	115,919	159,486	2,774,453	1,413,522
Support costs	792,065	124,702	389,985	1,306,752	582,188
Nursery:					
Direct costs	178,224	7,040	1,073	186,337	117,248
Support costs	-	4,931	2,559	7,490	-
	<u>3,469,337</u>	<u>252,592</u>	<u>553,103</u>	<u>4,275,032</u>	<u>2,112,958</u>
<i>Total 2016</i>	1,692,004	62,590	358,364	2,112,958	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. DIRECT COSTS

	Education	Nursery	Total	(9 month period) Total
	£	£	2017 £	2016 £
Pension finance costs	28,000	-	28,000	8,000
Educational supplies	52,449	843	53,292	45,194
Staff development	19,591	112	19,703	19,667
Other costs	51,313	60	51,373	51,278
Technology costs	8,133	58	8,191	8,176
Wages and salaries	1,908,302	149,099	2,057,401	1,067,947
National insurance	137,162	41	137,203	73,522
Pension cost	453,584	29,084	482,668	217,366
Depreciation	115,919	7,040	122,959	39,622
	2,774,453	186,337	2,960,790	1,530,772
<i>Total 2016</i>	1,413,524	117,248	1,530,772	

8. SUPPORT COSTS

	Education	Nursery	Total	(9 month period) Total
	£	£	2017 £	2016 £
Other costs	5,546	-	5,546	2,784
Recruitment and support	13,192	-	13,192	6,621
Maintenance of premises and equipment	48,848	2,683	51,531	25,865
Cleaning	16,918	246	17,164	8,615
Rent and rates	18,328	-	18,328	9,199
Energy costs	40,608	-	40,608	20,382
Insurance	15,612	-	15,612	7,836
Security and transport	17,792	-	17,792	8,930
Catering	82,442	1,108	83,550	41,936
Technology costs	34,414	-	34,414	17,273
Office overheads	52,932	6	52,938	26,625
Legal and professional	121,174	1,445	122,619	61,546
Bank interest and charges	571	-	571	287
Governance	13,340	-	13,340	9,550
Wages and salaries	579,875	-	579,875	272,700
National insurance	36,763	-	36,763	15,649
Pension cost	175,427	-	175,427	44,820
Depreciation	32,970	2,002	34,972	1,568
	1,306,752	7,490	1,314,242	582,186
<i>Total 2016</i>	582,186	-	582,186	

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NOTES TO THE FINANCIAL STATEMENTS
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9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	31 August 2017 £	9 months ended 31 August 2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	157,931	41,190
Auditor's remuneration	10,000	6,000
Operating lease rentals	7,735	5,025
	<u>175,666</u>	<u>52,215</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. STAFF COSTS

Staff costs were as follows:

	31 August 2017	9 months ended 31 August 2016
	£	£
Wages and salaries	2,607,213	1,335,440
Social security costs	173,966	89,171
Operating costs of defined benefit pension schemes	658,095	262,186
	3,439,274	1,686,797
Supply teacher costs	30,063	5,207
	3,469,337	1,692,004

During the year the Academy has incurred no redundancy or restructuring costs (2016: £Nil).

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

	31 August 2017	9 months ended 31 August 2016
	No.	No.
Teachers	38	39
Educational Support	95	101
Administration	13	12
Management	6	6
	152	158

Average headcount expressed as a full time equivalent:

	31 August 2017	9 months ended 31 August 2016
	No.	No.
Teachers	31	31
Administration and support management	50	63
	6	5
	87	99

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NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS (continued)

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

	31 August 2017 No.	9 months ended 31 August 2016 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	1	0

Annual employer's contributions of £16,847 (2016: £Nil) are payable to the Teachers' Pension Scheme (TPS) in respect of the above employees.

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £272,335 (2016: £61,660, 9 month period).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 12 has not been included in the total benefits received by key management personnel above.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. CENTRAL SERVICES

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

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

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

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

The actual amounts charged during the year were as follows:

	31 August 2017	9 months ended 31 August 2016
	£	£
Ferndale Primary and Nursery School	146,030	81,771
Ruskin Junior School	146,030	81,771
Total	<u>292,060</u>	<u>163,542</u>

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: G Evans remuneration £75,000 - £80,000 (2016: £45,000 - £50,000 for 7 months), employers pension contributions £10,000 - £15,000 (2016: £5,000 - £10,000 for 7 months), S Edge remuneration £35,000 - £40,000 (2016: £25,000 - £30,000 for 7 months), employers pension contributions £5,000 - £10,000 (2016: £Nil - £5,000 for 7 months).

Other related party transactions involving the trustees are set out in note 27.

During the year ended 31 August 2017, 2 Trustees received £184 of reimbursed expenses (2016: £NIL to no Trustees).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. TRUSTEES' AND OFFICERS' INSURANCE

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

14. TANGIBLE FIXED ASSETS (As restated)

	(As restated) Long term leasehold property £	Leasehold Property Improvements £	Motor vehicles £	Fixtures and fittings £
COST				
At 1 September 2016 (As restated)	6,220,000	137,483	2,808	30,691
Additions	-	229,943	-	6,470
At 31 August 2017	6,220,000	367,426	2,808	37,161
DEPRECIATION				
At 1 September 2016	38,333	377	293	912
Charge for the year	125,231	14,108	628	5,379
At 31 August 2017	163,564	14,485	921	6,291
NET BOOK VALUE				
At 31 August 2017	6,056,436	352,941	1,887	30,870
At 31 August 2016	6,181,667	137,106	2,515	29,779
			Computer equipment £	Total £
COST				
At 1 September 2016 (As restated)			27,827	6,418,809
Additions			23,786	260,199
At 31 August 2017			51,613	6,679,008
DEPRECIATION				
At 1 September 2016			1,275	41,190
Charge for the year			12,585	157,931
At 31 August 2017			13,860	199,121
NET BOOK VALUE				
At 31 August 2017			37,753	6,479,887
At 31 August 2016			26,552	6,377,619

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. TANGIBLE FIXED ASSETS (As restated) (continued)

Included in the cost of leasehold property is £1,297,000 in respect of long term leasehold land. The leasehold interest in this land is being depreciated over the 125 year life of the lease.

See note 19 for details of the prior year restatement of land and buildings.

15. DEBTORS

	2017 £	2016 £
Trade debtors	745	395
Other debtors	17,610	43,288
Prepayments and accrued income	454,908	75,985
	<u>473,263</u>	<u>119,668</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Other loans	4,880	4,880
Trade creditors	-	10,980
Other taxation and social security	51,891	49,900
Pension contributions payable	53,985	54,745
Accruals and deferred income	176,873	121,137
	<u>287,629</u>	<u>241,642</u>

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	48,653	-
Resources deferred during the year	109,391	48,653
Amounts released from previous years	(48,653)	-
Deferred income at 31 August 2017	<u>109,391</u>	<u>48,653</u>

At the balance sheet date the Academy was holding ESFA and local authority grants received in advance for the 2017/18 academic year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017 £	2016 £
Equal pay loan	<u>58,563</u>	<u>68,323</u>

Included within the above are amounts falling due as follows:

	2017 £	2016 £
BETWEEN ONE AND TWO YEARS		
Equal pay loan	<u>4,882</u>	<u>4,880</u>
BETWEEN TWO AND FIVE YEARS		
Equal pay loan	<u>14,640</u>	<u>14,640</u>
OVER FIVE YEARS		
Equal pay loan	<u>39,041</u>	<u>48,803</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable by instalments	<u>39,041</u>	<u>48,803</u>

To ensure all staff within Swindon school's were on equal pay the local authority performed a pre-conversion pay review. This review established that certain staff in the School were owed additional pay, which was settled by the local authority on behalf of the School. The Academy Trust is required to repay this debt, however the local authority have the right to reconsider the amount owed. A loan was transferred to the Academy Trust on conversion, at the year end £63,443 (2016: £73,203) remains outstanding. The loan is unsecured and is being repaid by installments with 13 years remaining, at an interest rate of 4.93%.

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18. FINANCIAL INSTRUMENTS

	31 August 2017 £	9 months ended 31 August 2016 £
Financial assets measured at fair value through income and expenditure	453,960	394,520
Financial assets measured at amortised cost	399,525	51,259
	853,485	445,779
Financial liabilities measured at fair value through income and expenditure	(130,925)	(156,667)

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

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at fair value through income and expenditure comprise other loans, trade creditors and accruals.

19. PRIOR YEAR ADJUSTMENT

During the year, the trustees have received the ESFA valuation of the Ruskin School buildings. This valuation was £454,000 higher than the estimate based upon adjusted insurance values included in the 2016 statutory accounts. The trustees have restated the comparative figures resulting in donations on conversion and the fixed asset land and building net book value increasing by £454,000 respectively.

In addition, the trustees have reviewed the treatment of the equal pay loan within the funds disclosures. Previously this amount has been included within unrestricted funds, however upon review this year the Trustees consider separate presentation showing a negative restricted reserve to be more appropriate. This has resulted in an increase in the unrestricted reserve of £73,203 and corresponding restricted equal pay loan reserve being recognised.

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20. STATEMENT OF FUNDS

	(As restated) Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	73,203	215,642	(144,637)	2,682	-	146,890
Nursery	-	174,518	(181,426)	-	-	(6,908)
	<u>73,203</u>	<u>390,160</u>	<u>(326,063)</u>	<u>2,682</u>	<u>-</u>	<u>139,982</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	2,854,941	(2,737,948)	(50,315)	-	66,678
High needs funding	-	296,803	(296,803)	-	-	-
Pupil premium	15,058	267,660	(276,187)	(6,531)	-	-
Start up grant	18,085	-	(18,085)	-	-	-
Devolved formula capital	-	27,021	-	(27,021)	-	-
Condition Improvement Fund	-	455,508	-	(17,694)	-	437,814
UIFSM	-	79,912	(79,912)	-	-	-
PE & Sport Grant	-	19,580	(19,580)	-	-	-
Other LA Income	-	117,797	(117,797)	-	-	-
Other Restricted Income	-	18,367	(18,367)	-	-	-
Nursery	-	3,359	(3,359)	-	-	-
Equal Pay Loan	(73,203)	-	-	9,760	-	(63,443)
Pension reserve	(1,224,000)	-	(223,000)	-	333,000	(1,114,000)
	<u>(1,264,060)</u>	<u>4,140,948</u>	<u>(3,791,038)</u>	<u>(91,801)</u>	<u>333,000</u>	<u>(672,951)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	6,188,303	-	(125,860)	-	-	6,062,443
Fixed assets purchased from GAG and other restricted funds	137,513	-	(12,979)	44,404	-	168,938
DfE/ESFA Capital grants	222,883	-	(19,092)	44,715	-	248,506
	<u>6,548,699</u>	<u>-</u>	<u>(157,931)</u>	<u>89,119</u>	<u>-</u>	<u>6,479,887</u>
Total restricted funds	<u>5,284,639</u>	<u>4,140,948</u>	<u>(3,948,969)</u>	<u>(2,682)</u>	<u>333,000</u>	<u>5,806,936</u>
Total of funds	<u>5,357,842</u>	<u>4,531,108</u>	<u>(4,275,032)</u>	<u>-</u>	<u>333,000</u>	<u>5,946,918</u>

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20. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR (9 month period)

	(As restated) Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Restated balance at 31 August 2016 £
UNRESTRICTED FUNDS						
General funds	-	141,989	(39,398)	(29,388)	-	73,203
	-	141,989	(39,398)	(29,388)	-	73,203
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	1,494,689	(1,566,852)	72,163	-	-
Other DfE/ESFA grants	-	182,935	(96,588)	(86,347)	-	-
Pupil premium	-	121,148	(106,090)	-	-	15,058
Start up grant	-	70,000	(51,915)	-	-	18,085
Other Restricted Income	-	68,661	(55,409)	(13,252)	-	-
Transfer on conversion - capital	-	103,150	-	(103,150)	-	-
Nursery	-	97,337	(117,248)	19,911	-	-
Catering	-	24,882	(25,347)	465	-	-
Equal Pay Loan	-	(78,083)	4,880	-	-	(73,203)
Pension reserve	-	(447,000)	(15,000)	-	(762,000)	(1,224,000)
	-	1,637,719	(2,029,569)	(110,210)	(762,000)	(1,264,060)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	-	6,227,408	(39,105)	-	-	6,188,303
Fixed assets purchased from GAG and other restricted funds	-	-	(2,085)	139,598	-	137,513
DfE/ESFA Capital grants	-	222,883	-	-	-	222,883
	-	6,450,291	(41,190)	139,598	-	6,548,699
Total restricted funds	-	8,088,010	(2,070,759)	29,388	(762,000)	5,284,639
Total of funds	-	8,229,999	(2,110,157)	-	(762,000)	5,357,842

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20. STATEMENT OF FUNDS (continued)

The general unrestricted and nursery funds are shown separately for information purposes, but both are unrestricted funds. The specific purposes for which the funds are to be applied are as follows:

RESTRICTED FUNDS

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

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

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

Start-Up Grant - Additional funding from the ESFA to cover the initial cost of setting up or converting a school to an Academy.

Devolved Formula Capital - Funding received from the ESFA to cover the cost of maintenance and purchase of the Academy's assets.

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

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

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

Other LA income includes £117,797 of Local Authority Pupil Premium funding for further support for students that fall within the remit of Pupil premium disclosed above.

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

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

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

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

FIXED ASSET FUNDS

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. STATEMENT OF FUNDS (continued)

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Ferndale Primary and Nursery School	511,234	1,585
Ruskin Junior School	67,270	13,473
The Blue Kite Academy Trust	2,527	18,085
Total before fixed asset fund and pension reserve	581,031	33,143
Restricted fixed asset fund	6,479,887	6,548,699
Pension reserve	(1,114,000)	(1,224,000)
Total	5,946,918	5,357,842

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	(9 month period) Total 2016 £
Ferndale Primary and Nursery School	1,361,294	274,582	20,825	288,719	1,945,420	1,143,966
Ruskin Junior School	1,093,393	295,691	31,622	223,472	1,644,178	748,746
The Blue Kite Academy Trust	102,515	146,862	-	55,124	304,501	179,056
	2,557,202	717,135	52,447	567,315	3,894,099	2,071,768

THE BLUE KITE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	6,479,887	6,479,887
Current assets	136,623	790,600	-	927,223
Creditors due within one year	-	(287,629)	-	(287,629)
Creditors due in more than one year	-	(58,563)	-	(58,563)
Pension scheme liability	-	(1,114,000)	-	(1,114,000)
Difference	3,359	(3,359)	-	-
	<u>139,982</u>	<u>(672,951)</u>	<u>6,479,887</u>	<u>5,946,918</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	6,377,619	6,377,619
Current assets	73,681	262,060	178,447	514,188
Creditors due within one year	(478)	(233,797)	(7,367)	(241,642)
Creditors due in more than one year	-	(68,323)	-	(68,323)
Provisions for liabilities and charges	-	(1,224,000)	-	(1,224,000)
	<u>73,203</u>	<u>(1,264,060)</u>	<u>6,548,699</u>	<u>5,357,842</u>

22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2017 £	9 months ended 31 August (As restated) 2016 £
Net income for the year (as per Statement of Financial Activities)	256,076	6,119,842
Adjustment for:		
Depreciation charges	157,931	41,190
Transfer from Local Authority on Conversion	-	(5,780,408)
Interest Received	(376)	(238)
Interest charge	2,773	1,387
Increase in debtors	(353,595)	(119,668)
(Decrease)/increase in creditors	(3,586)	312,415
Capital grants from DfE and other capital income	(128,245)	(222,883)
Defined benefit pension scheme cost less contributions payable	195,000	7,000
Defined benefit pension scheme finance cost	28,000	8,000
Net cash provided by operating activities	<u>153,978</u>	<u>366,637</u>

THE BLUE KITE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	31 August 2017 £	9 months ended 31 August 2016 £
Cash at bank and in hand	453,960	394,520
	453,960	394,520

24. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Avon Pension Fund. Both are Multi-employer defined benefit pension schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. PENSION COMMITMENTS (continued)

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

The employer's pension costs paid to TPS in the period amounted to £220,637 (2016: £112,935).

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

Under the definitions set out in FRS 102, the TPS is a 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 2017 was £303,000 (2016: £153,000), of which employer's contributions totalled £240,000 (2016: £121,000) and employees' contributions totalled £63,000 (2016: £32,000). The agreed contribution rates for future years are 23.8% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.70 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.5 years	22.3 years
Females	24.9 years	24.5 years
Retiring in 20 years		
Males	24.1 years	24.1 years
Females	26.7 years	26.9 years

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,188,000	786,000
Corporate bonds	234,000	164,000
Property	217,000	131,000
Cash and other liquid assets	33,000	11,000
Total market value of assets	<u>1,672,000</u>	<u>1,092,000</u>

The actual return on scheme assets was £176,000 (2016: £95,000).

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

	31 August 2017 £	9 months ended 31 August 2016 £
Current service cost	(435,000)	(128,000)
Interest income	26,000	17,000
Interest cost	(54,000)	(25,000)
Total	<u>(463,000)</u>	<u>(136,000)</u>

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

	31 August 2017 £	9 months ended 31 August 2016 £
Opening defined benefit obligation	2,316,000	-
Upon conversion	-	1,291,000
Current service cost	435,000	128,000
Interest cost	54,000	25,000
Employee contributions	63,000	32,000
Actuarial (gains)/losses	(81,000)	840,000
Closing defined benefit obligation	<u>2,787,000</u>	<u>2,316,000</u>

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24. PENSION COMMITMENTS (continued)

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

	31 August 2017 £	9 months ended 31 August 2016 £
Opening fair value of scheme assets	1,092,000	-
Upon conversion	-	844,000
Interest income	26,000	17,000
Actuarial gains	252,000	78,000
Employer contributions	240,000	121,000
Employee contributions	63,000	32,000
	<u>1,673,000</u>	<u>1,092,000</u>
Closing fair value of scheme assets	<u>1,673,000</u>	<u>1,092,000</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	6,183	7,735
Between 1 and 5 years	2,316	6,183
After more than 5 years	-	2,316
	<u>8,499</u>	<u>16,234</u>
Total	<u>8,499</u>	<u>16,234</u>

26. MEMBERS' LIABILITY

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

27. RELATED PARTY TRANSACTIONS

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