

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

**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 2018**

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<b>Members</b>	N Uzzell N Tucker J Randell-Sly
<b>Trustees</b>	L Burdekin (resigned 12 September 2017) <sup>1,2</sup> S Edge (resigned 5 January 2018) <sup>1,2</sup> G Evans, Chief Executive Officer <sup>1,2,3</sup> P Himple, Chair of Finance <sup>1,2</sup> J Hobbs <sup>3</sup> S Marshall <sup>3</sup> J Randell-Sly, Chair (resigned 4 October 2018) R Soare <sup>1,2</sup> H Brown (appointed 8 October 2018) <sup>2</sup> C Harris (appointed 8 October 2018) <sup>2,3</sup> M Rachael (appointed 8 October 2018) <sup>1,2</sup>  1 Finance, Personnel and Resources Committee 2 Risk, Audit and Strategy Committee 3 Education Standards Committee
<b>Company registered number</b>	09889819
<b>Company name</b>	The Blue Kite Academy Trust
<b>Principal and registered office</b>	C/O Ferndale Primary and Nursery School Wiltshire Avenue Swindon Wiltshire SN2 1NX
<b>Company secretary</b>	J Hayward
<b>Chief executive officer</b>	G Evans
<b>Senior management team</b>	Samantha Edge, Chief Operating Officer Julie Toogood, Chief Finance Officer Yvonne McQuade, Finance Manager Andrew Beadnell, Head Teacher - Ruskin Elizabeth Horrobin, Head of Teaching & Learning Amanda Wood, Trust Business Manager
<b>Independent auditors</b>	Bishop Fleming Bath Limited Chartered Accountants Statutory Auditors Minerva House Lower Bristol Road Bath BA2 9ER

**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 2018**

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**Advisers (continued)**

**Bankers**

Lloyds Bank plc  
5 High Street  
Swindon  
SN1 3EN

**Solicitors**

Browne Jacobson  
Mobray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

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

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2018. 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 819 in the school census on 5 October 2017.

**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.

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

**Percentage of time spent on facility time**

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

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

£

Total cost of facility time	482
Total pay bill	2,591,238
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**THE BLUE KITE ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 capped at £10,000,000.

**TRUSTEES**

**Method of Recruitment and Appointment or Election of Trustees**

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

- up to 6 Trustees who are appointed by members.
- 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.

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.

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.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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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.
- Educational Standards 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 CEO and Clerk to the Trustees, to approve the Annual Development Plan and budget.

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

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the 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.

Each academy 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 Senior Trust Leadership Team consists of the Chief Executive Office, Deputy CEO, Chief Finance Officer and Chief Operating Officer.

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 2 primary free-schools in North and South Swindon, William Morris Primary & Nursery School and Badbury Park Primary and Nursery School. Each school has its own Governing Body responsible for the wellbeing of staff and pupils and education standards and progress. Abbey Meads Primary will be joining us in January 2019 and 2 other local primary schools with Good OFSTED ratings have decided to join over the next few months.

The Chief Executive Officer is the Accounting Officer.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The Board of Trustees and 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 2018 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.

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.



**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 Reading and for disadvantaged pupils
- Improve monitoring across the trust and make sure that Ruskin is being judged against OFSTED 'good' criteria and measure Ferndale against outstanding.
- Ensure that school improvement systems are now synchronised across the trust.
- Begin networking the support staff, in addition to the teachers and TAs, between schools to share good practice
- Support Ferndale with its new senior leadership team.
- 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.

**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 forgoing by estimating, maintaining, managing and development schools.

**STRATEGIC REPORT**

**Achievements and Performance**

The Trust is in its third 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. This year has seen a drop to 303 from the previous year. The trust and the school have undertaken a series of staff restructures to secure financial viability as well as addressing unfair pay structures and working hours which were a legacy from several years ago.

**SATS**

**Ferndale**

Ferndale's results continue to climb and the school is above national in almost all areas at every key stage. The bubble year with an additional intake of 30 pupils with high mobility was predicted a lower score than we are used to but were very happy to report that they scored 3% higher than national and 1% higher than last year. End of EYFS results, including GLD were just above LA and national.

**THE BLUE KITE ACADEMY TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

		<b>Cohort</b>	<b>School</b>	<b>LA</b>	<b>National</b>
<b>Expected Standard</b>	<b>Reading</b>	59	81.4%	74.0%	75.0%
	<b>Writing</b>	59	83.1%	78.2%	78.0%
	<b>GPS</b>	59	81.4%	77.0%	77.0%
	<b>Maths</b>	59	88.1%	74.0%	75.0%
	<b>Science</b>	59	86.4%	82.2%	83.0%
	<b>RWM</b>	59	71.2%	63.2%	64.0%
<b>GDS / High Standard</b>	<b>Reading</b>	59	37.3%	26.9%	28.1%
	<b>Writing</b>	59	22.0%	20.2%	19.8%
	<b>GPS</b>	59	35.6%	33.0%	34.0%
	<b>Maths</b>	59	18.6%	21.0%	23.0%
	<b>RWM</b>	59	11.9%	9.1%	9.8%
<b>Average Scaled Score</b>	<b>Reading</b>	59	106.2	105.0	105.0
	<b>GPS</b>	59	107.2	106.1	106.0
	<b>Maths</b>	59	104.9	104.1	104.0

**Ruskin**

The results at Ruskin have showed a steady improvement over the last few years. Although attainment is still just below national averages they made significant improvements in many areas, most notably their progress and EGPS. The results were also affected by several children who don't access mainstream curriculum in the SRP who are included in these results as well as one, high-attaining, pupil whose parents took her out of the tests. When you adjust the scores with this in mind the school reaches national in almost all areas. Reading and disadvantaged pupils are now where the school needs to focus its improvement.

**Attainment**

		<b>Cohort</b>	<b>School</b>	<b>LA</b>	<b>National</b>
<b>Expected Standard</b>	<b>Reading</b>	79	64.6%	74.0%	75.0%
	<b>Writing</b>	79	70.9%	78.2%	78.0%
	<b>GPS</b>	79	74.7%	77.0%	77.0%
	<b>Maths</b>	79	69.6%	74.0%	75.0%
	<b>Science</b>	79	79.7%	82.2%	83.0%
	<b>RWM</b>	79	55.7%	63.2%	64.0%
<b>GDS / High Standard</b>	<b>Reading</b>	79	15.2%	26.9%	28.1%
	<b>Writing</b>	79	13.9%	20.2%	19.8%
	<b>GPS</b>	79	25.3%	33.0%	34.0%
	<b>Maths</b>	79	19.0%	21.0%	23.0%
	<b>RWM</b>	79	6.3%	9.1%	9.8%
<b>Average Scaled Score</b>	<b>Reading</b>	74	102.6	105.0	105.0
	<b>GPS</b>	74	105.3	106.1	106.0
	<b>Maths</b>	74	103.8	104.1	104.0

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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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.

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%

- % of income spent on salaries - 73.62%
- % of Income spent on non staff costs - 22.61%
- In year profit as a % of income - 3.77%
- Revenue balance as a % of total revenue income - 6.05%

**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.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2018, the Trust received total income of £4,124,231 and incurred total expenditure of £4,376,204. The excess of expenditure over income for the year was £251,973, of which £360,727 was capital spend on the CIF project at Ferndale School, the income for which was accrued and brought forward from the previous year.

At 31 August 2018 the net book value of fixed assets was £6,719,998 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 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.

Trustees aim to grow reserves to a level that will cover one month's salary commitments.

At the end of the last financial year (2016/17) there were £139,982 free reserves. Total reserves of the Trust for 2017/18 amount to £6,220,945, although £5,912,368 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £308,577 (representing £237,294 unrestricted funds and £71,283 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

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

### **Investment Policy**

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

Due to the nature and timing of receipt of funding, the Trust may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. 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 Chief Finance Officer within strict guidelines approved by the Board of Trustees.

### **Principal Risks And Uncertainties**

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

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

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 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.

**THE BLUE KITE ACADEMY TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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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 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.

**FUNDRAISING**

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

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

The Trust do not make intrusive or persistent approaches to anyone or apply undue pressure to donate.

Any complaints regarding fundraising may be made via our complaints procedure and will be directed to the headteacher in the first instance.

**PLANS FOR FUTURE PERIODS**

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, during 2017 the Trust will commence construction of a new primary school at Badbury Park in the coming year. We are working with the ESFA to open the school, in September 2019. In addition the Trust will open William Morris Primary and Nursery School in September 2019, through the local authority Presumptive Free School process. The school is working closely with the ESFA, the local authority and appointed building contractors to deliver vibrant, high quality education provision from September 2019

We plan to maintain small class sizes with a teaching assistant in each class which will reflect in academic outcomes being improved.

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.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 capped at £10,000,000.

**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, was approved by order of the Board of Trustees, as company directors, on ..... and signed on the board's behalf by:

**P Himple  
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
S Edge	2	2
G Evans, Chief Executive Officer	5	5
P Himple, Chair of Finance	5	5
J Hobbs	3	5
S Marshall	0	5
J Randell-Sly, Chair	5	5
R Soare	3	5

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

Sammy Edge	Resigned 5 January 2018 (Due to a revision of the Academies Financial Handbook Re: Staff Trustees)
Lisa Burdekin	Resigned 12 September 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.

**Governance Review**

The Trust Financial Management and Self-Assessment in May 2016 identified the priorities for the Trustees' Annual Action Plan. Trustees identified the need for a suite of comprehensive financial policies and controls reflecting the scheme of delegation for the trust, which 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. Following on from a recent skills audit we have been able to appoint three new trustees who will join the board in the new academic year. The skills gaps in finance is addressed by the appointment of an accountant and a school business manager.

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)**

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Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr Paul Himple	3	4
Mrs Rachel Soare	3	4
Mrs Sammy Edge	1	1
Mr Gary Evans	4	4

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
Mr Gary Evans	3	3
Mrs Sammy Edge	2	2
Mrs Rachel Soare	3	3
Mrs Judith Randell-Sly	3	3

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

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

Good and outstanding academies will be encouraged to facilitate further development and 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 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.
- Deploying staff effectively.

**GOVERNANCE STATEMENT (continued)**

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- 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.

**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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE 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 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 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.

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

**GOVERNANCE STATEMENT (continued)**

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**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

and signed on their behalf, by:

**P Himple**  
**Chair of Trustees**

**G Evans**  
**Accounting Officer**

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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

**G Evans**  
**Accounting Officer**

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

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

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

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

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

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

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

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

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

**P Himple**  
**Chair of Trustees**

**Date:**

**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**

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**OPINION**

We have audited the financial statements of The Blue Kite Academy Trust (the 'Academy Trust') for the year ended 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

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

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

**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**

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work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

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

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

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

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

**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**

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**USE OF OUR REPORT**

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

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:



**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 & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 19 July 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Blue Kite Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 & SKILLS FUNDING AGENCY (continued)**

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**CONCLUSION**

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

John Talbot FCA (Reporting Accountant)

**Bishop Fleming Bath Limited**

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date:

**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 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	36,786	-	36,786	499,241
Charitable activities	3	275,491	3,697,268	-	3,972,759	3,896,632
Other trading activities	4	114,059	-	-	114,059	134,859
Investments	5	627	-	-	627	376
<b>TOTAL INCOME</b>		<b>390,177</b>	<b>3,734,054</b>	<b>-</b>	<b>4,124,231</b>	<b>4,531,108</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		292,865	3,910,647	172,692	4,376,204	4,275,032
<b>TOTAL EXPENDITURE</b>	6	<b>292,865</b>	<b>3,910,647</b>	<b>172,692</b>	<b>4,376,204</b>	<b>4,275,032</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	19	97,312	(176,593)	(172,692)	(251,973)	256,076
		-	(412,803)	412,803	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		97,312	(589,396)	240,111	(251,973)	256,076
Actuarial gains on defined benefit pension schemes	24	-	526,000	-	526,000	333,000
<b>NET MOVEMENT IN FUNDS</b>		<b>97,312</b>	<b>(63,396)</b>	<b>240,111</b>	<b>274,027</b>	<b>589,076</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		139,982	(672,951)	6,479,887	5,946,918	5,357,842
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>237,294</b>	<b>(736,347)</b>	<b>6,719,998</b>	<b>6,220,945</b>	<b>5,946,918</b>

The notes on pages 28 to 53 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 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	14		<b>6,719,998</b>		6,479,887
<b>CURRENT ASSETS</b>					
Debtors	15	<b>203,145</b>		473,263	
Cash at bank and in hand		<b>602,498</b>		453,960	
			<u>805,643</u>	<u>927,223</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	<b>(418,359)</b>		(287,629)	
<b>NET CURRENT ASSETS</b>			<u><b>387,284</b></u>		639,594
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>7,107,282</b></u>		7,119,481
<b>CREDITORS:</b> amounts falling due after more than one year	17		<u><b>(61,337)</b></u>		(58,563)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u><b>7,045,945</b></u>		7,060,918
Defined benefit pension scheme liability	24		<u><b>(825,000)</b></u>		(1,114,000)
<b>NET ASSETS</b>			<u><u><b>6,220,945</b></u></u>		<u><u>5,946,918</u></u>
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	19	<b>88,653</b>		441,049	
Fixed asset funds	19	<b>6,719,998</b>		6,479,887	
			<u>6,808,651</u>	<u>6,920,936</u>	
Restricted funds excluding pension liability					
Pension reserve		<b>(825,000)</b>		(1,114,000)	
			<u>5,983,651</u>	<u>5,806,936</u>	
Total restricted funds			<u><b>5,983,651</b></u>		5,806,936
Unrestricted funds	19		<u><b>237,294</b></u>		139,982
<b>TOTAL FUNDS</b>			<u><u><b>6,220,945</b></u></u>		<u><u>5,946,918</u></u>

The financial statements on pages 25 to 53 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

**P Himple**  
**Chair of Trustees**

The notes on pages 28 to 53 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 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<u>412,668</u>	<u>153,978</u>
<b>Cash flows from investing activities:</b>			
Interest received		627	376
Purchase of tangible fixed assets		(282,162)	(215,486)
Capital grants from DfE Group		<u>17,405</u>	<u>128,245</u>
<b>Net cash used in investing activities</b>		<u>(264,130)</u>	<u>(86,865)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		-	(7,673)
<b>Net cash used in financing activities</b>		<u>-</u>	<u>(7,673)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>148,538</b>	59,440
Cash and cash equivalents brought forward		<u>453,960</u>	<u>394,520</u>
<b>Cash and cash equivalents carried forward</b>	22	<u><u>602,498</u></u>	<u><u>453,960</u></u>

The notes on pages 28 to 53 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 2018**

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**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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Blue Kite Acade constitutes a public benefit entity as defined by FRS 102.

**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.

**THE BLUE KITE ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 INCOME**

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

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

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

Capital grants are recognised 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 receipt is probable and the amount can be reliably measured.

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

**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.

**THE BLUE KITE ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**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
Furniture and fixtures	-	5 years straight line
Motor vehicles	-	5 years straight line
Computer equipment	-	4 years straight line

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

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

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.



**THE BLUE KITE ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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

*Financial liabilities* - trade creditors, accruals, other creditors and other loans 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.

**1.12 TAXATION**

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

**1.13 PENSIONS**

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

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

**THE BLUE KITE ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**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/donor and include grants from the Department for Education Group.

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 2018**

**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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Restricted fixed asset funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
Donations	-	<b>19,381</b>	-	<b>19,381</b>	16,712
Capital Grants	-	<b>17,405</b>	-	<b>17,405</b>	482,529
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	<b>36,786</b>	-	<b>36,786</b>	499,241
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total 2017	-	499,241	-	499,241	
	<hr/>	<hr/>	<hr/>	<hr/>	

**THE BLUE KITE ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Education	106,462	3,693,532	3,799,994	3,718,755
Nursery	169,029	3,736	172,765	177,877
	<u>275,491</u>	<u>3,697,268</u>	<u>3,972,759</u>	<u>3,896,632</u>
Total 2017	<u>254,925</u>	<u>3,641,707</u>	<u>3,896,632</u>	

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	3,017,398	3,017,398	2,933,666
Other DfE/ESFA grants	-	432,590	432,590	378,361
	<u>-</u>	<u>3,449,988</u>	<u>3,449,988</u>	<u>3,312,027</u>
<b>Other Government grants</b>				
Other government grants non capital	-	12,295	12,295	88,843
High Needs	-	230,470	230,470	235,757
	<u>-</u>	<u>242,765</u>	<u>242,765</u>	<u>324,600</u>
<b>Other funding</b>				
Internal catering income	45,450	-	45,450	45,513
Sales to students	-	779	779	1,655
Other	61,012	-	61,012	34,960
	<u>106,462</u>	<u>779</u>	<u>107,241</u>	<u>82,128</u>
	<u>106,462</u>	<u>3,693,532</u>	<u>3,799,994</u>	<u>3,718,755</u>
Total 2017	<u>80,407</u>	<u>3,638,348</u>	<u>3,718,755</u>	

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**FOR THE YEAR ENDED 31 AUGUST 2018**

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	5,994	-	5,994	5,699
Consultancy	2,200	-	2,200	12,755
School clubs	99,706	-	99,706	90,952
Other	6,159	-	6,159	25,453
	<u>114,059</u>	<u>-</u>	<u>114,059</u>	<u>134,859</u>
Total 2017	<u>134,859</u>	<u>-</u>	<u>134,859</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	627	-	627	376
	<u>376</u>	<u>-</u>	<u>376</u>	
Total 2017	<u>376</u>	<u>-</u>	<u>376</u>	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Education:					
Direct costs	2,555,427	125,473	164,601	2,845,501	2,774,453
Support costs	818,729	191,511	368,389	1,378,629	1,306,752
Nursery:					
Direct costs	138,240	6,788	-	145,028	186,337
Support costs	4,722	2,092	232	7,046	7,490
	<u>3,517,118</u>	<u>325,864</u>	<u>533,222</u>	<u>4,376,204</u>	<u>4,275,032</u>
Total 2017	<u>3,469,337</u>	<u>252,592</u>	<u>553,103</u>	<u>4,275,032</u>	

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**7. DIRECT COSTS**

	Education £	Nursery £	Total 2018 £	Total 2017 £
Pension finance costs	30,000	-	30,000	28,000
Educational supplies	55,297	-	55,297	53,292
Staff development	15,234	-	15,234	19,703
Other costs	61,403	-	61,403	51,373
Technology costs	2,667	-	2,667	8,191
Wages and salaries	1,935,106	111,767	2,046,873	2,057,401
National insurance	162,304	6,706	169,010	137,203
Pension cost	458,017	19,767	477,784	482,668
Depreciation	125,473	6,788	132,261	122,959
	<u>2,845,501</u>	<u>145,028</u>	<u>2,990,529</u>	<u>2,960,790</u>
Total 2017	<u>2,774,453</u>	<u>186,337</u>	<u>2,960,790</u>	

**8. SUPPORT COSTS**

	Education £	Nursery £	Total 2018 £	Total 2017 £
Other costs	2,774	-	2,774	5,546
Recruitment and support	11,022	-	11,022	13,192
Maintenance of premises and equipment	79,594	-	79,594	51,531
Cleaning	14,692	5	14,697	17,164
Rent and rates	20,312	656	20,968	18,328
Energy costs	39,372	1,431	40,803	40,608
Insurance	16,661	-	16,661	15,612
Security and transport	13,401	-	13,401	17,792
Catering	85,552	-	85,552	83,550
Technology costs	33,067	-	33,067	34,414
Office overheads	51,469	-	51,469	52,938
Legal and professional	136,092	-	136,092	122,619
Bank interest and charges	518	-	518	571
Governance	15,175	-	15,175	13,340
Wages and salaries	593,738	3,338	597,076	579,875
National insurance	39,020	233	39,253	36,763
Pension cost	185,971	1,151	187,122	175,427
Depreciation	40,199	232	40,431	34,972
	<u>1,378,629</u>	<u>7,046</u>	<u>1,385,675</u>	<u>1,314,242</u>
Total 2017	<u>1,306,752</u>	<u>7,490</u>	<u>1,314,242</u>	

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

This is stated after charging:

	<b>2018</b>	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	<b>172,692</b>	157,931
Auditors' remuneration - audit	<b>10,250</b>	10,000
Auditors' remuneration - other services	<b>4,970</b>	-
Operating lease rentals	<b>7,735</b>	7,735
	<u><u>          </u></u>	<u><u>          </u></u>

**THE BLUE KITE ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,591,238	2,607,213
Social security costs	208,263	173,966
Operating costs of defined benefit pension schemes	664,906	658,095
	<u>3,464,407</u>	<u>3,439,274</u>
Supply teacher costs	52,711	30,063
	<u>3,517,118</u>	<u>3,469,337</u>

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

During the year the Academy has incurred no redundancy or restructuring costs (2017: £Nil).

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	39	38
Educational Support	99	95
Administration	13	13
Management	6	6
	<u>157</u>	<u>152</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	30	31
Educational Support	48	40
Administration	10	10
Management	6	6
	<u>94</u>	<u>87</u>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1



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

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**10. STAFF COSTS (continued)**

Annual employer's contributions of £23,274 (2017: £16,847) are payable to the Teachers' Pension Scheme (TPS) in respect of the above employees.

**e. Key management personnel**

The key management personnel of the Academy 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 £249,665 (2017: £272,335).

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.

**11. CENTRAL SERVICES**

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

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

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

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

The actual amounts charged during the year were as follows:

	<b>2018</b>	2017
	£	£
Ferndale Primary and Nursery School	<b>143,311</b>	146,030
Ruskin Junior School	<b>143,311</b>	146,030
Total	<b><u>286,622</u></b>	<u>292,060</u>

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

**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 (2017: £75,000 - £80,000), employers pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000), S Edge remuneration £Nil (2017: £35,000 - £40,000), employers pension contributions £Nil (2017: £5,000 - £10,000).

Other related party transactions involving the trustees are set out in note 26.

During the year ended 31 August 2018, expenses totalling £77 (2017: £184) were reimbursed to 2 Trustees (2017: 2).

**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**

	Long term leasehold property £	Leasehold Property Improvements £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
<b>COST</b>						
At 1 September 2017	6,220,000	367,426	37,161	2,808	51,613	6,679,008
Additions	-	371,787	14,383	-	26,633	412,803
At 31 August 2018	6,220,000	739,213	51,544	2,808	78,246	7,091,811
<b>DEPRECIATION</b>						
At 1 September 2017	163,564	14,485	6,291	921	13,860	199,121
Charge for the year	126,176	15,300	11,344	629	19,243	172,692
At 31 August 2018	289,740	29,785	17,635	1,550	33,103	371,813
<b>NET BOOK VALUE</b>						
At 31 August 2018	5,930,260	709,428	33,909	1,258	45,143	6,719,998
At 31 August 2017	6,056,436	352,941	30,870	1,887	37,753	6,479,887

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. DEBTORS**

	<b>2018</b>	2017
	£	£
Trade debtors	<b>9,719</b>	745
Other debtors	<b>32,421</b>	17,610
Prepayments and accrued income	<b>161,005</b>	454,908
	<u><b>203,145</b></u>	<u>473,263</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	2017
	£	£
Other loans	<b>4,880</b>	4,880
Other taxation and social security	<b>52,880</b>	51,891
Pension contributions payable	<b>56,723</b>	53,985
Accruals and deferred income	<b>303,876</b>	176,873
	<u><b>418,359</b></u>	<u>287,629</u>

	<b>2018</b>	2017
	£	£
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2017	<b>109,391</b>	48,653
Resources deferred during the year	<b>115,568</b>	109,391
Amounts released from previous years	<b>(109,391)</b>	(48,653)
Deferred income at 31 August 2018	<u><b>115,568</b></u>	<u>109,391</u>

At the balance sheet date the Academy was holding ESFA and local authority grants received in advance for the 2018/19 academic year.

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

	<b>2018</b>	2017
	<b>£</b>	£
Equal pay loan	<b>61,337</b>	58,563

Included within the above are amounts falling due as follows:

	<b>2018</b>	2017
	<b>£</b>	£
<b>BETWEEN ONE AND TWO YEARS</b>		
Equal pay loan	<b>4,882</b>	4,882
<b>BETWEEN TWO AND FIVE YEARS</b>		
Equal pay loan	<b>14,640</b>	14,640
<b>OVER FIVE YEARS</b>		
Equal pay loan	<b>41,815</b>	39,041

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

	<b>2018</b>	2017
	<b>£</b>	£
Repayable by instalments	<b>41,815</b>	39,041

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 £65,817 (2017: £63,443) 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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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. FINANCIAL INSTRUMENTS**

	<b>2018</b>	2017
	<b>£</b>	£
Financial assets measured at fair value through income and expenditure	<b>602,498</b>	453,960
Financial assets measured at amortised cost	<b>104,460</b>	399,525
	<u><b>706,958</b></u>	<u>853,485</u>
Financial liabilities measured at amortised cost	<u><b>(254,443)</b></u>	<u>(130,925)</u>

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 amortised cost comprise other loans, trade creditors and accruals.

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**19. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>UNRESTRICTED FUNDS</b>						
General funds	146,890	221,148	(130,744)	-	-	237,294
Nursery	(6,908)	169,029	(162,121)	-	-	-
	<u>139,982</u>	<u>390,177</u>	<u>(292,865)</u>	<u>-</u>	<u>-</u>	<u>237,294</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	66,678	3,017,398	(2,978,122)	(34,671)	-	71,283
MAT growth funding	-	50,000	(50,000)	-	-	-
High needs funding	-	219,234	(219,234)	-	-	-
Pupil premium	-	271,917	(271,917)	-	-	-
Devolved formula capital	-	17,405	-	(17,405)	-	-
Condition Improvement Fund	437,814	-	(2,664)	(360,727)	-	74,423
UIFSM	-	65,987	(65,987)	-	-	-
PE & Sport Grant	-	39,700	(30,536)	-	-	9,164
Other LA Income	-	12,295	(12,295)	-	-	-
Other Restricted Income	-	36,382	(36,382)	-	-	-
Nursery	-	3,736	(3,736)	-	-	-
Equal Pay Loan	(63,443)	-	(2,774)	-	-	(66,217)
Pension reserve	(1,114,000)	-	(237,000)	-	526,000	(825,000)
	<u>(672,951)</u>	<u>3,734,054</u>	<u>(3,910,647)</u>	<u>(412,803)</u>	<u>526,000</u>	<u>(736,347)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	6,062,443	-	(126,176)	-	-	5,936,267
Fixed assets purchased from GAG and other restricted funds	168,938	-	(18,420)	34,671	-	185,189
DfE/ESFA Capital grants	248,506	-	(28,096)	378,132	-	598,542
	<u>6,479,887</u>	<u>-</u>	<u>(172,692)</u>	<u>412,803</u>	<u>-</u>	<u>6,719,998</u>
Total restricted funds	<u>5,806,936</u>	<u>3,734,054</u>	<u>(4,083,339)</u>	<u>-</u>	<u>526,000</u>	<u>5,983,651</u>
Total of funds	<u><u>5,946,918</u></u>	<u><u>4,124,231</u></u>	<u><u>(4,376,204)</u></u>	<u><u>-</u></u>	<u><u>526,000</u></u>	<u><u>6,220,945</u></u>

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

**RESTRICTED FUNDS**

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

MAT Growth Funding - This represents funding received from the ESFA to support the future expansion of

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**19. STATEMENT OF FUNDS (continued)**

the Trust.

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 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.

**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 2018.

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**19. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	Total 2017 £
Ferndale Primary and Nursery School	<b>143,823</b>	511,234
Ruskin Junior School	<b>178,214</b>	67,270
The Blue Kite Academy Trust	<b>3,910</b>	2,527
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	<b>325,947</b>	581,031
Restricted fixed asset fund	<b>6,719,998</b>	6,479,887
Pension reserve	<b>(825,000)</b>	(1,114,000)
	<hr/>	<hr/>
Total	<b>6,220,945</b>	5,946,918
	<hr/> <hr/>	<hr/> <hr/>

The reserves of Ferndale School are inflated by unspent condition improvement funding of £74,423 (2017: £437,814), the in year deficit excluding this was only £4,020. Ruskin School has implemented a restructure of staff in the year to carry forward additional reserves to fund the future operations where it may face pressures due to falling pupil numbers.



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**19. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

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

	<b>Teaching and educational support staff costs</b>	<b>Other support staff costs</b>	<b>Educational supplies</b>	<b>Other costs excluding depreciat- ion</b>	<b>Total 2018</b>	<b>(9 month period) Total 2017</b>
	£	£	£	£	£	£
Ferndale Primary and Nursery School	1,222,234	295,385	26,098	450,578	1,994,295	1,945,420
Ruskin Junior School	1,102,237	239,385	31,857	236,432	1,609,911	1,644,178
The Blue Kite Academy Trust	148,547	318,608	-	132,151	599,306	304,501
	<u>2,473,018</u>	<u>853,378</u>	<u>57,955</u>	<u>819,161</u>	<u>4,203,512</u>	<u>3,894,099</u>

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**19. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>GENERAL FUNDS</b>						
General funds	73,203	215,642	(144,637)	2,682	-	146,890
Nursery	-	174,518	(181,426)	-	-	(6,908)
<b>RESTRICTED FUNDS</b>						
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 Condition Improvement Fund	-	27,021	-	(27,021)	-	-
UIFSM	-	455,508	-	(17,694)	-	437,814
PE & Sport Grant	-	79,912	(79,912)	-	-	-
Other LA Income	-	19,580	(19,580)	-	-	-
Other Restricted Income	-	117,797	(117,797)	-	-	-
Nursery	-	18,367	(18,367)	-	-	-
Equal Pay Loan	(73,203)	3,359	(3,359)	-	-	-
Pension reserve	(1,224,000)	-	-	9,760	-	(63,443)
			(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>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
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><u>5,357,842</u></u>	<u><u>4,531,108</u></u>	<u><u>(4,275,032)</u></u>	<u><u>-</u></u>	<u><u>333,000</u></u>	<u><u>5,946,918</u></u>

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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	6,719,998	6,719,998
Current assets	237,294	568,349	-	805,643
Creditors due within one year	-	(418,359)	-	(418,359)
Creditors due in more than one year	-	(61,337)	-	(61,337)
Pension scheme liability	-	(825,000)	-	(825,000)
	<u>237,294</u>	<u>(736,347)</u>	<u>6,719,998</u>	<u>6,220,945</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	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)
Provisions for liabilities and charges	-	(1,114,000)	-	(1,114,000)
	<u>136,623</u>	<u>(669,592)</u>	<u>6,479,887</u>	<u>5,946,918</u>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(251,973)	256,076
<b>Adjustment for:</b>		
Depreciation charges	172,692	157,931
Interest received	(627)	(376)
Interest charge	-	2,773
Decrease/(increase) in debtors	270,118	(353,595)
Increase/(decrease) in creditors	2,863	(3,586)
Capital grants from DfE and other capital income	(17,405)	(128,245)
Defined benefit pension scheme cost less contributions payable	207,000	195,000
Defined benefit pension scheme finance cost	30,000	28,000
<b>Net cash provided by operating activities</b>	<u>412,668</u>	<u>153,978</u>

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**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash at bank and in hand	602,498	453,960
	<u>602,498</u>	<u>453,960</u>

**23. CAPITAL COMMITMENTS**

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	74,423	437,814
	<u>74,423</u>	<u>437,814</u>

**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.

Contributions amounting to £56,723 were payable to the schemes at 31 August 2018 (2017: 53,985) and are included within creditors.

**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.

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**24. PENSION COMMITMENTS (continued)**

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

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

The employer's pension costs paid to TPS in the period amounted to £229,775 (2017: £220,637).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £278,000 (2017: £303,000), of which employer's contributions totalled £219,000 (2017: £240,000) and employees' contributions totalled £59,000 (2017: £63,000). 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:

	<b>2018</b>	2017
Discount rate for scheme liabilities	<b>2.80 %</b>	2.50 %
Rate of increase in salaries	<b>2.60 %</b>	2.70 %
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	2.40 %

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

	<b>2018</b>	2017
Retiring today		
Males	<b>22.5 years</b>	22.5 years
Females	<b>24.9 years</b>	24.9 years
Retiring in 20 years		
Males	<b>24.1 years</b>	24.1 years
Females	<b>26.7 years</b>	26.7 years

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**24. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2018 £</b>	Fair value at 31 August 2017 £
Equities	<b>1,491,000</b>	1,188,000
Corporate bonds	<b>294,000</b>	234,000
Property	<b>273,000</b>	217,000
Cash and other liquid assets	<b>42,000</b>	33,000
	<hr/>	<hr/>
Total market value of assets	<b>2,100,000</b>	1,672,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £134,000 (2017: £176,000).

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

	<b>2018 £</b>	2017 £
Current service cost	<b>(426,000)</b>	(435,000)
Interest income	<b>45,000</b>	26,000
Interest cost	<b>(75,000)</b>	(54,000)
	<hr/>	<hr/>
Total	<b>(456,000)</b>	(463,000)
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Movements in the present value of the defined benefit obligation were as follows:

	<b>2018 £</b>	2017 £
Opening defined benefit obligation	<b>2,787,000</b>	2,316,000
Current service cost	<b>426,000</b>	435,000
Interest cost	<b>75,000</b>	54,000
Employee contributions	<b>59,000</b>	63,000
Actuarial gains	<b>(395,000)</b>	(81,000)
Benefits paid	<b>(27,000)</b>	-
	<hr/>	<hr/>
Closing defined benefit obligation	<b>2,925,000</b>	2,787,000
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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	1,673,000	1,092,000
Interest income	45,000	26,000
Actuarial gains	131,000	252,000
Employer contributions	219,000	240,000
Employee contributions	59,000	63,000
Benefits paid	(27,000)	-
	<u>2,100,000</u>	<u>1,673,000</u>
Closing fair value of scheme assets	<u>2,100,000</u>	<u>1,673,000</u>

**25. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	2,316	6,183
Between 1 and 5 years	-	2,316
	<u>2,316</u>	<u>8,499</u>
Total	<u>2,316</u>	<u>8,499</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 and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year, the trust has recharged staff costs to Abbey Meads Community Primary School in relation to finance team support. Abbey Meads Community Primary School is in the process of joining the Trust.