

THE KITE ACADEMY TRUST
(A company limited by guarantee)



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 14
Governance statement	15 - 17
Statement on regularity, propriety and compliance	18
Statement of Trustees' responsibilities	19
Independent auditor's report on the financial statements	20 – 22
Independent auditor's assurance report on regularity	23 - 24
Statement of financial activities incorporating income and expenditure account	25
Balance sheet	26
Statement of cash flows	27
Notes to the financial statements	28 - 56

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

Members

J G Allan
R H Murton
S G Thomas
M R Devitt
J Metiuk (Resigned 20 September 2016)

Trustees

J G Allan, Chairman
D L Andrews
M R Devitt (resigned 18 May 2017)
C H Dickinson, Chief Executive Officer (resigned 6 January 2017)
K D Findlay
P Jackson (appointed 15 October 2016, resigned 20th February 2017)
D Warwick
A Walsh (appointed 13 October 2016)
L Quinn (appointed 6 November 2017)
L Anstey (appointed 6 November 2017)

Senior Management

C Dickinson, Chief Executive Officer
J Coleman, Head of Finance
J Godolphin, Head of Operations
J Rogers, Head Teacher Lakeside
J Ibbotson, Head Teacher Mytchett
J Langston, Head Teacher Cross Farm
L Semper, Head Teacher Grove
S Meakin, Head Teacher Holly Lodge
K Money, Head Teacher Sandringham

Company registered number

09785186

Company name

The Kite Academy Trust

Principal and registered office

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)



Independent auditor

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

Bankers

Lloyds Bank plc
PO Box 1000
BX1 1LT

Solicitors

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)



TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The academy also trades under the names Kite Academy and Kite.

The academy was incorporated on 18 September 2015 and converted to an academy on 1 October 2015. The Kite Academy Trust was formed when five local primary schools converted to academy trust status under the Academies Act 2010. On the 1st December 2016, a sixth primary school, Holly Lodge Primary school, converted and joined the Trust. The trust operates academies for children aged 2-11 serving a catchment area around Frimley. There is a capacity of 1816 children across the Trust.

The Trust comprised of six academies as at August 31st, 2017:

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

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

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

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

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

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

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

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

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

The academy was incorporated on 18 September 2015 and converted to an academy on 1 October 2015.

The principal object of the academy is to advance for the public benefit of education in the United Kingdom.

b. Members' liability

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

c. Method of recruitment and appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. The Board of Trustees at August 2016 comprised the CEO, four Academy Trustees and one co-opted Trustee.

The approach taken to recruiting new Trustees:

Member Governors – those identified by the Trust through a skills audit and approved by Members.

Co-opted Governors - those identified by the Trust through a skills audit and appointed by the Trust Board.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

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

During the period under review the Board of Trustees met 6 times. Two new Trustees were recruited in this time. New Trustees are provided with an induction session with the Chair and Vice Chair. A formal Induction procedure is currently being developed and will be defined after feedback from new Trustees.

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

e. Pay policy for key management personnel

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

f. Organisational structure

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

The Trust Board have then met 6 times. The Trustees have established an overall framework for governance of the Academy and has determined membership, terms of reference and delegated powers for both LGBs, Advisory Bodies and other groups. The scheme of delegation clearly identifies the delegated powers and responsibilities of each group.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

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

There are currently the following Advisory Bodies:

1. **Finance, Audit and Risk (FAR) Advisory Body:** meets at least four times a year and is responsible for:
 - Supporting the Board of Directors by recommending a framework for establishing and maintaining for optimised employment given the resources available to the Trust.
 - Advising the Trust Board on financial planning, systems and controls to enable the proper management of the financial resources.
 - Developing strategies for the employment of staff, communications, procurement, value for money, health & safety and facilities management.
 - Monitoring all Local Governors to ensure that they are receiving the necessary level of training to carry out their duties and reporting back to the Trust Board.
 - Supporting the Board of Directors in providing an added level of scrutiny in the monitoring of financial performance across the Trust and the performance of other consolidated services.
 - Keeping the Trust Board regularly informed of the Advisory Bodies activities and key decisions.
 - Monitoring the risk register and reporting high priority issues to the Trust Board.
 - Reviewing the auditor's report and consider recommendations to the Trust Board.
2. **HR Advisory Board:** meets at least four times a year and is responsible for:
 - Supporting the Board of Directors by recommending a framework for establishing and maintaining optimised employment off all staff within the Trust.
 - Keeping the Board of Directors regularly informed of the Advisory Bodies activities and key decisions.
3. **Technology Advisory Board:** meets as required to support the Board of Directors and Academies by making recommendations to the Trust Board on the development of technology with particular emphasis on ensuring efficiencies and effectiveness.
4. **Communication and Marketing Advisory Board:** meets as required to advise the Trust Board on strategies to ensure that communications within the Academies and externally are both consistent and timely.
5. **Premises Advisory Board:** meets as required to advise the Trust Board on strategies to ensure that premises within the Academies are kept in good order and new projects are progressing as planned.
6. **Governance Advisory Board:** meets as required to review the scheme of delegation and local Governing body terms of reference and provide appropriate advice to the Trust Board.

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

The Management Board is made up of all Head Teachers, Head of Finance and Head of Operations and they meet fortnightly to ensure that standards across the Academies are high and supported if there are any concerns.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

They look at ways to ensure consistencies across the Academies and the day to day running of the Academies. The minutes from these meetings are received by the Board so they are kept informed.

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

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

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

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

g. Connected organisations, including related party relationships

The Trust has strong links with

- ⇒ The schools in the Surrey Heath Learning Partnership
- ⇒ The South Farnham Teaching School
- ⇒ Local Universities
- ⇒ Local secondary schools
- ⇒ Two local junior schools
- ⇒ Surrey County Council Childcare and Early Years Services
- ⇒ Surrey County Council Education department

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

h. Trustees' indemnities

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and Activities

Mission

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

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

The main objectives of the Academy Trust during the year ended on 31st August 2017 are:

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

Activities for achieving objectives

The Key activities for achieving these objectives are summarised below:

- ⇒ Introduction of a clear scheme of delegation shared with all LGBs
- ⇒ Regular Management Board meetings for all Head Teachers
- ⇒ Network meetings for key members of staff – Deputies, Business Managers, SENCOs, Assessment leads, Year group teachers, TAs supporting individual children
- ⇒ Staff observing in other academy schools to learn from best practice
- ⇒ MIT – set up school improvement judgements and support through "MAT Improvement Triads"
- ⇒ Introducing a new Financial package across all Academies for consistent financial reporting
- ⇒ Introducing a new MIS system across the MATs to allow comparison of data etc.

- ⇒ Work to develop a new assessment recording system that is consistent across the MAT
- ⇒ The introduction of a consistent approach to assessing children across the MAT
- ⇒ Joint learning opportunities for children across the MAT
- ⇒ Transition "Friendship Day" for all Infant children before their move to Junior schools
- ⇒ Celebration days across the MAT
- ⇒ Joint staff meetings and INSET days
- ⇒ CEO completing Executive Educators course and set up network of CEOs to understand best practice
- ⇒ Introduction of a consistent pay structure for support staff
- ⇒ Moderation for consistency across the MAT on assessing children's learning
- ⇒ HR policies across the MAT
- ⇒ Finance policies across the MAT
- ⇒ Development of a central team to serve all Academies within the MAT
- ⇒ Setting up of advisory bodies to ensure scrutiny of work e.g. HR, FAR, Technology, Premises, PR

THE KITE ACADEMY TRUST
(A company limited by guarantee)



TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

d. Public benefit

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

e. Main activities undertaken to further the charity's purposes for the public benefit

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

Equal opportunities

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

Strategic Report

Achievements and performance

	Cross Farm	Sandringham	Holly Lodge	Lakeside	Mytchett	Grove
School Capacity	172	180	420	420	210	420
Nos on roll	169	171	408	401	203	408
Special provision	0	0	0	0	0	14
Nos in provision	0	0	0	0	0	14
Nursery Provision	0	48	0	88	60	0
Nos in Nursery	0	36	0	59	46	0
% Attendance	96.79%	96.24%	96.86	96.63%	96.07%	95.36%
EYs GLD	84%	75%	85%	77%	87%	85%
Phonics	94%	86%	92%	74%	82%	92%
KS1 Ex+						
Read	81%	84%	87%	77%	82%	82%
Write	70%	61%	72%	60%	78%	76%
Maths	82%	62%	80%	81%	86%	79%
RWM	59%	59%	68%	58%	68%	71%
GDS						
Read	28%	34%	17%	25%	30%	43%
Write	14%	16%	12%	12%	22%	37%
Maths	12%	34%	15%	21%	19%	35%
RWM	7%	16%	3%	9%	4%	33%
KS2 Ex+						
Read			89%	80%	89%	67%
Writing			87%	84%	82%	81%
Maths			72%	85%	75%	75%
GPS			83%	85%	82%	78%
RWM			70%	67%	71%	60%
GDS						
Read			26%	40%	46%	27%
Writing			21%	24%	25%	24%
Maths			15%	38%	11%	33%

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

	Cross Farm	Sandringham	Holly Lodge	Lakeside	Mytchett	Grove
GPS			25%	38%	39%	40%
RWM			4%	4%	0%	14%
Scaled Scores						
Read			106	107	108	103
Maths			103	107	103	105
Grammar			105	108	107	107
Progress Score						
Read			2.2	0.1	0.4	-1.31
Writing			1.4	-3.2	-1.1	0.75
Maths			-0.6	0.8	-4.5	0.74

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

a. Key financial performance indicators

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

	Cross Farm	Grove	Lakeside	Mytchett	Sandringham	Holly Lodge	KAT average
Pupil No. (on Roll)	169	408	401	203	171	408	
Staff Pay as % total Expenditure	63%	75%	82%	81%	77%	81%	77%
Average Teacher Cost	41,652	45,261	40,767	42,752	46,696	37,338	43,507
Pupil to Teacher Ratio	21	19	18	17	18	19	18
Teaching staff expenditure per pupil	1,972	2,407	2,237	2,472	2,660	2,013	2,397
Staff Expenditure per pupil	3,138	3,647	3,557	4,269	4,671	2,963	3,871
Non-Staff Expenditure Per Pupil	1,847	1,201	790	979	1,370	704	1,048

* Holly lodge figures annualised

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

b. Review of activities

During the year the academy achievements were as follows:

- To integrate a sixth converter Academy into the Trust (achieved)
- To employ a Head of Operations (achieved)
- To set up a central business team to support all academies with business aspects of the Trust (achieved)
- To set up centralised procedures for finances by increasing functionality of system (achieved)
- To introduce new support staff pay across the Trust (achieved)
- To enter into discussions with other schools wanting to convert (achieved)
- To appoint a full time CEO (achieved)
- To appoint a FSW (achieved)
- To introduce new assessment system across all Academies (achieved)
- To develop further collaboration of staff across the Trust (achieved)
- To set up central support for Premises and HR (achieved)
- To increase PAN at Cross Farm to 60 (achieved)
- To develop the school provision at Cross Farm to ensure adequate space for more children (achieved)
- To develop our Nursery provision at Lakeside to include 2 year olds and increase numbers (achieved)
- To introduce shared learning experiences for children across the Trust (achieved)
- To employ teachers to enable school improvement across the Trust (achieved)

c. Investment policy and performance

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

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

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

Financial review

a. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

b. Financial report for the year

The majority of Kite Academy Trust's income is obtained from the Education Skills and Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2016/17 and associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The net movement in funds for the year was an increase of £21.2 million including depreciation and amortisation of £318,296 and adjustments to pension schemes. Total fund balances before fixed asset fund and pension reserves totalled £1.2 million. This is outlined in more detail in note 19.

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

- Balance bought forward on conversion
- School remodelling works and washroom refurbishment works.
- Capital expenditure including nursery outdoor area works and IT investment.

The remaining Kite and sponsor status grant are earmarked for the development of centralised admin team, marketing etc. Plans for future expenditure are outlined in more detail under "The Reserves Policy" heading.

c. Principal risks and uncertainties

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

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

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

The Board of Trustees is also aware that the Local Government Pension scheme represents a potential liability. However, the Trustees consider that the Academy will be able to meet its known annual contribution commitments and is reviewing pooling to see if this would be beneficial to the Trust.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

d. Reserves policy

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

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

- extension of Little Badgers nursery at Sandringham school
- building development and IT investment at Lakeside
- hall extension project at The Grove Primary School
- hall extension project at Holly Lodge Primary School and playground investment
- investment in premises at Mytchett Primary School
- the remaining Kite sponsor status grant is earmarked for the development of centralised admin team, marketing, etc.

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

e. Deficit

The Academy currently has a deficit on the Local Government Pension scheme of £3,051,000, which will be addressed when possible.

f. Material investments policy

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

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

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

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)



TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

a. Future developments

The future plans for the academy include the following objectives:

- To continue to focus on the improved outcomes for pupils
- To continue to attract high quality teachers and support staff in order to provide high quality education for our children
- To grow the Trust to 10+ local primary schools by 2020
- To continue to develop economies of scale and consistencies across the MAT through central business team
- To increase support for school improvement across the MAT
- To replace the existing buildings that have been identified by the DfE as in poor condition at Lakeside Primary school
- To extend the Little Badgers Nursery to create capacity to increase the numbers of Nursery places in this setting
- To continue to develop the use of financial systems to its potential
- To extend the hall at The Grove Primary School
- To undertake a feasibility study of the swimming pool site at Mytchett Primary School
- To extend the hall capacity at Holly Lodge
- To increase in house out of school hours provision for our children
- To develop a technology strategy across the MAT

Funds held as custodian

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

Disclosure of information to auditor

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

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

This report was approved by order of the board of trustees as the company directors, on 6 December 2017 and signed on its behalf by:


J Allan
Chair of Trustees

THE 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 Kite Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

Governance

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

Trustee	Meetings attended	Out of a possible
J G Allan, Chairman	6	6
D L Andrews	6	6
M R Devitt	3	4
C H Dickinson, Chief Executive Officer	2	2
K D Findlay	3	6
D Warwick	6	6
A Walsh	5	6

We have had three resignations from the Board over this academic year and two new Trustees joined in October 2017. One of the Trustees resigned as a director but continued in his role as member (due to work commitments) and the CEO resigned as it is considered best practice for the CEO not to be a Board member.

Finance, Audit and Risk is an Advisory Board to the main board of trustees. The Finance, Audit and Risk Advisory Board has formally met 5 times during the period. Attendance at meetings in the period was as follows:

Committee member	Meetings attended	Out of a possible
James Clague, Chair	5	5
Dawn Warwick, Board Member	4	5
Christine Dickinson, Chief Executive	5	5
Jane Coleman, Head of Finance	5	5
Richard Green	5	5
Matthew Rees	3	5
Rob McKee	4	5
Aidene Walsh, Board Member	1	4
Chris MacQueen	2	5
Anne Ross	3	4

GOVERNANCE STATEMENT

Review of Value for money

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

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

- Generating efficiencies through the creation of a Kite central business team service to deliver financial, HR and estates services across Kite schools
- Investment in a cloud based IT system to enable future growth and centralisation of financial systems
- Procurement of services through better buying power of a larger organisation
- Investing surplus cash balances on 32 day notice deposit with Lloyds Bank Plc
- Collaboration of teaching expertise and resources, to deliver the best learning environment and experience for our children

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

GOVERNANCE STATEMENT

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has appointed Wise & Co as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Wise & Co delivered their schedule of work as planned. Their findings and recommendations did not include any material system control issues. A number of minor recommendations were made which have been addressed by the Trust's management.

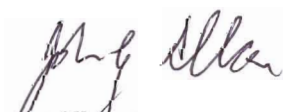
Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 6 December 2017 and signed on their behalf, by:



J Allan, Chairman
Chair of Trustees



C Dickinson, Chief Executive
Accounting Officer

THE KITE ACADEMY TRUST
(A company limited by guarantee)



STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

C. Dickinson

C Dickinson
Accounting Officer

Date: 6 December 2017

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2017 and the Academies' Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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


J Allan
Chair of Trustees

Date: 6 December 2017



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

OPINION

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

This report is made solely to the academy'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's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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



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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the Strategic report for 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

RESPONSIBILITIES OF TRUSTEES

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

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

M. Dickinson

Mark Dickinson FCA (Senior statutory auditor)
for and on behalf of

Wise & Co

Chartered Accountants & Statutory Auditors

Wey Court West

Union Road

Farnham

Surrey

GU9 7PT

Date:

8/12/2017

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

In accordance with the terms of our engagement letter dated 23 October 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by KITE Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to KITE Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to KITE Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than KITE Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of KITE Academy Trust's funding agreement with the Secretary of State for Education dated 30 September 2015 and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

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

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

M. Dickinson

Mark Dickinson FCA (Senior statutory auditor)
Wise & Co
Chartered Accountants & Statutory Auditors
Wey Court West
Union Road
Farnham
Surrey
GU9 7PT

Date:

8 / 12 / 2017

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset fund 2017 £	Total funds 2017 £	Unrestricted & Restricted funds 2016 £
Income from:						
Donations & capital grants:						
Transfer from local authority on conversion	2	315,017	(221,000)	3,873,717	3,967,734	18,216,252
Other donations and capital grants	2	14,641	22,759	22,745	60,145	18,603
Charitable activities	3	187,996	7,487,237	-	7,675,233	6,058,008
Other trading activities	4	248,030	-		248,030	178,706
Investments	5	4,261	-		4,261	1,079
Total Income		769,945	7,288,996	3,896,462	11,955,403	24,472,648
Expenditure on:						
Charitable activities	6,7,19	738,978	7,650,947	318,296	8,708,221	6,257,160
Total Expenditure		738,978	7,650,947	318,296	8,708,221	6,257,160
Net income/(expenditure) before transfers		30,967	(361,951)	3,578,166	3,247,182	18,215,488
Transfers between funds	19		(94,751)	94,751		-
Net income/(expenditure) before other recognised gains and losses		30,967	(456,702)	3,672,917	3,247,182	18,215,488
Actuarial gains/(losses) on defined benefit pension schemes	24		468,000		468,000	(718,000)
Net movement in funds		30,967	11,298	3,672,917	3,715,182	17,497,488
Reconciliation of funds:						
Total funds brought forward		1,037,150	(2,968,000)	19,428,338	17,497,488	-
Total funds carried forward		1,068,117	(2,956,702)	23,101,255	21,212,670	17,497,488

All the academy's activities relate to continuing operations and the prior period covers the period from incorporation on 18 September 2016 to 31 August 2017.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	15	20,414	27,217
Tangible assets	16	<u>23,080,841</u>	<u>19,401,121</u>
		23,101,255	19,428,338
Current assets			
Debtors	17	227,588	199,122
Cash at bank and in hand	22	<u>1,911,192</u>	<u>1,459,059</u>
		2,138,780	1,658,181
Creditors: amounts falling due within one year	18	<u>(976,365)</u>	<u>(571,031)</u>
Net current assets		1,162,415	1,087,150
Total assets less current liabilities		24,263,670	20,515,488
Defined benefit pension scheme liability	24	<u>(3,051,000)</u>	<u>(3,018,000)</u>
Net assets including pension scheme liabilities		<u>21,212,670</u>	<u>17,497,488</u>
Funds of the academy			
Restricted income funds:			
Restricted income funds	19	94,298	50,000
Restricted fixed asset fund	19	<u>23,101,255</u>	<u>19,428,338</u>
Restricted income funds excluding pension liability		23,195,553	19,478,338
Pension reserve	19	<u>(3,051,000)</u>	<u>(3,018,000)</u>
Unrestricted income funds	19	<u>1,068,117</u>	<u>1,037,150</u>
Total funds		<u>21,212,670</u>	<u>17,497,488</u>

The financial statements were approved by the Trustees, and authorised for issue, on 6 December 2017 and are signed on their behalf, by:


J G Allan

Chair of Trustees (The notes on pages 29 to 56 form part of these financial statements)

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	21	227,606	687,398
Cash flows from investing activities:			
Purchase of intangible fixed assets			(34,201)
Purchase of tangible fixed assets		(117,496)	(99,148)
Capital funding received from sponsors and others		22,745	7,500
Cash transferred from Local Authority on conversion		315,017	896,431
Net cash provided by investing activities		220,266	770,582
Interest received	2	4,261	1,079
Net cash provided by financing activities		4,261	1,079
Change in cash and cash equivalents in the period		452,133	1,459,059
Cash and cash equivalents brought forward		1,459,059	-
Cash and cash equivalents carried forward	22	1,911,192	1,459,059

THE KITE ACADEMY TRUST

(A company limited by guarantee)



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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

1.2 Company status

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

1.3 Fund accounting

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

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

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

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

1. Accounting policies (continued)

1.4 Income

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

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

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.



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

1. Accounting policies (continued)

1.6 Going concern

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

1.7 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided at the following rates:

Software - 20% straight line

1.8 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

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

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

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

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

1.9 Interest receivable

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

1.10 Operating leases

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

1.11 Debtors

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

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for bank loans which are subsequently measured at amortised cost using the effective interest method.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

1.15 Taxation

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

1.16 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the trust.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017 (continued)

1.17 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

2. Income from donations and Capital Grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset fund 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer from local authority on conversion	315,017	(221,000)	3,873,717	3,967,734	18,216,252
Donations	14,641	22,759		37,400	11,103
Capital Grants			22,745	22,745	7,500
Total donations & capital grants	329,658	(198,241)	3,896,462	4,027,879	18,234,855

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset fund 2016 £	Total funds 2016 £
Total 2016 donations & capital grants	897,740	(2,195,385)	19,532,500	18,234,855

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

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant (GAG)	-	5,312,505	5,312,505	4,589,794
Start up grants	-	25,000	25,000	239,000
Other ESFA/Dfe grants	-	782,483	782,483	50,000
Devolved formula capital grant	-	35,110	35,110	17,857
DFE project delivery grant	-	37,255	37,255	-
Pupil Premium	-	314,331	314,331	243,734
Rates relief	-	23,806	23,806	16,518
Sports grant	-	49,445	49,445	41,560
Universal infant free school meals	-	313,729	313,729	233,941
	-	6,893,664	6,893,664	5,432,404
Other government grants				
Special educational needs	-	119,676	119,676	168,679
SCITT funding	-	5,955	5,955	24,375
Other local authority	-	467,942	467,942	328,890
	-	593,573	593,573	521,944
Other Income from the academy trust's educational operations				
Other Income	187,996		187,996	103,660
	187,996	-	187,996	103,660
	187,996	7,487,237	7,675,233	6,058,008
Total 2016 Funding for educational operations	103,660	5,954,348	6,058,008	



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

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other Income	34,962		34,962	21,962
Schooling Services	163,626		163,626	119,539
Rental Income	49,442		49,442	37,205
	248,030	-	248,030	178,706

In the prior year all income was unrestricted

5. Investment Income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Short term deposits	4,261	-	4,261	1,079

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

6. Direct costs

	Governance	Educational Operations	Total 2017	Total 2016
	£	£	£	£
Pension finance cost		66,000	66,000	74,000
Teaching & Educational support		33,562	33,562	21,588
Staff related insurance		81,411	81,411	58,866
Educational supplies		329,803	329,803	223,885
Technology costs		75,231	75,231	44,460
Educational consultancy		96,306	96,306	69,964
Staff development		51,174	51,174	46,710
Travel & subsistence		3,203	3,203	2,067
Depreciation		311,491	311,491	223,027
Wages and salaries		4,247,000	4,247,000	3,164,647
National Insurance		348,087	348,087	230,152
Pension cost (including FRS adjustment £214k)		769,094	769,094	612,655
Apprentice Levy		4,356	4,356	-
		6,416,718	6,416,718	4,772,021

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

7. Support costs

	Governance	Educational Operations	Total 2017	Total 2016
	£	£	£	£
Catering		334,281	334,281	238,584
Other support costs		173,206	173,206	127,399
Bank charges & interest		792	792	179
Operating lease rentals		10,772	10,772	6,412
Recruitment and support		18,676	18,676	3,055
Premises Costs		680,528	680,528	324,369
Technology Costs		63,595	63,595	28,739
Travel & Subsistence		837	837	676
Audit and accountancy fees	30,351		30,351	31,850
Legal and professional	20,260		20,260	55,168
Amortisation		6,804	6,804	6,804
Wages and salaries		732,672	732,672	525,927
National Insurance		50,781	50,781	25,004
Pension Cost		167,948	167,948	110,973
	<u>50,611</u>	<u>2,240,892</u>	<u>2,291,503</u>	<u>1,485,139</u>

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

8. Expenditure

	Staff costs	Premises	Other	Total	Total
	2017	2017	2017	2017	2016
	£	£	£	£	£
Educational operation (excluding governance):					
Direct Costs	5,402,099	329,803	618,816	6,350,718	4,772,021
Support Costs	951,400	665,374	580,714	2,197,488	1,398,121
	<u>6,353,499</u>	<u>995,177</u>	<u>1,199,530</u>	<u>8,548,206</u>	<u>6,170,142</u>

9. Net Incoming resources/(resources expended)

This is stated after charging

	2017	2016
	£	£
Depreciation of tangible fixed assets owned by the charity	311,492	223,027
Amortisation of intangible fixed assets	6,804	6,804
Governance internal audit costs	2,200	2,200
Governance audit costs	21,450	21,300
Operating lease rentals	10,772	6,412

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

10. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	4,979,671	3,690,573
Social security costs	398,868	255,156
Operating costs of defined benefit pension schemes	937,042	723,628
	<u>6,315,581</u>	<u>4,669,357</u>
Apprentice Levy	4,356	
Supply teacher costs	33,562	21,588
	<u>6,353,499</u>	<u>4,690,945</u>

The average number of persons employed by the academy during the period was as follows:

	2017	2016
	No.	No.
Teachers	90	70
Administration	185	148
Management	14	11
	<u>289</u>	<u>229</u>

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Teachers	76	58
Administration	125	85
Management	14	11
	<u>215</u>	<u>154</u>

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	1	-

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2017, pension contributions for these staff amounted to £45,307.

Key management comprise the senior leadership team. During the period the aggregate key management personnel remuneration (including employer pension and N.I. contributions) was £517,183.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

11. Central services

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

- Legal services
- Financial services
- Chief Executive services
- HR Services

The academy charges for these services on the following basis:

4% of GAG from each school with effect from Sept 2017.

The actual amounts charged during the period were as follows:

	2017	2016
	£	£
Cross Farm Infant School	22,200	13,500
The Grove Primary School	60,360	36,800
Holly Lodge Primary School	41,040	-
Lakeside Primary School	52,440	33,150
Mytchett Primary School	32,040	19,500
Sandringham School	27,720	17,200
Total	<u>235,800</u>	<u>120,150</u>

12. Trustees' and Officers' Insurance

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

13. Trustees' remuneration and expenses

The chief executive officer has been paid remuneration or has received other benefits from an employment with the academy trust. They only receive remuneration in respect of services they provide undertaking the role of chief executive officer under their contract of employment

C Dickinson (Chief Executive Officer)
Remuneration £20,000 - £25,000
Employers pension contributions paid £1,000 - £5,000

During the period ended 31 August 2017, trustee expenses totalling £126 were reimbursed or paid directly to one trustee.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

14. Other finance income

	2017	2016
	£	£
Interest income on pension scheme assets	40,000	36,000
Interest on pension scheme liabilities	(106,000)	(110,000)
	<u>(66,000)</u>	<u>(74,000)</u>

15. Intangible fixed assets

Cost

Software £

At 1st September 2016

34,021

Additions

-

At 31st August 2017

34,021

Amortisation

At 1st September 2016

6,804

Charge for the period

6,803

At 31st August 2017

13,607

Carrying amount

At 31st August 2017

20,414

At 31st August 2016

27,217

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

16. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer Equipment £	Motor Vehicles £	Total Fixed Assets £
Cost					
At 1st September 2016	19,562,765	3,898	57,484	-	19,624,147
Transfer on conversion	3,873,717	-	-	-	3,873,717
Additions		34,999	69,502	12,995	117,496
At 31st August 2017	23,436,482	38,897	126,987	12,995	23,615,360
Depreciation					
At 1st September 2016	220,847	223	1,957	-	223,027
Charge for the period	274,590	5,406	28,897	2,599	311,492
At 31st August 2017	495,437	5,629	30,859	2,599	534,519
Net book value					
At 31st August 2017	22,941,045	33,268	96,127	10,396	23,080,841
At 31st August 2016	19,341,918	3,675	55,528	-	19,401,121

The land and buildings are held under 125-year lease agreements with Surrey County Council commencing 1 October 2015 at nil cost.

The land and buildings were valued on 31 March 2016 (Holly Lodge 31/03/2014) by an independent valuer. Included in land and buildings is leasehold land valued at 31 March 2016 at £9,707,000 which is not depreciated.

Land and buildings at the remaining schools was valued at £19.3 million by ESFA dated 31/03/16

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

17. Debtors

	2017 £	2016 £
Trade debtors	5,911	9,053
VAT repayable	84,731	101,063
Other debtors	2,523	420
Prepayments and accrued income	134,423	88,586
	<u>227,588</u>	<u>199,122</u>

18. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	180,388	110,861
Other taxation and social security	118,849	80,547
Other creditors	115,392	102,247
Accruals and deferred income	561,735	277,376
	<u>976,365</u>	<u>571,031</u>

Deferred Income

	£
Deferred income at 1st September 2016	192,947
Resources deferred during the year	238,599
Amounts released from previous year	<u>(192,947)</u>
Deferred income at 31st August 2017	<u>238,599</u>

Deferred income includes Universal Free School Meals funding for 2017/18 of £186,984; DFC funding for 2017/18 £43,943, Children's Centre funding £6,547 and breakfast/after school club monies for 2017/18 £1125.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

19. Statement of funds

	2017 Brought Forward £	2017 Income £	2017 Expenditure £	2017 Transfers in/out £	2017 Gains/ (Losses) £	2017 Carried Forward £
Unrestricted funds						
General Fund	977,992	581,949	(564,056)			995,886
School Fund	59,158	187,996	(174,922)			72,231
	1,037,150	769,945	(738,978)	-	-	1,068,117
Restricted funds						
Restricted donations		22,759	(22,759)			-
General annual grant (GAG)		5,312,505	(5,217,754)	(94,751)		-
Start up grant		25,000	(25,000)			-
Other ESFA/DFE grants		782,483	(782,483)			-
Sponsorship grant	50,000	-	(13,213)			36,787
Devolved formula capital grant		35,110	(35,110)			-
DFE project delivery grant		37,255				37,255
Pupil premium		314,331	(314,331)			-
Rates relief		23,806	(23,806)			-
Sports grant		49,445	(49,445)			-
Universal Infant free school meals		313,729	(313,729)			-
Other local authority grants		391,737	(391,737)			-
CAMHS Transformation Funding		76,205	(55,949)			20,256
Special educational needs (SEN)		119,676	(119,676)			-
SCITT funding		5,955	(5,955)			-
Pension Reserve	(3,018,000)	(221,000)	(280,000)		468,000	(3,051,000)
	(2,968,000)	7,288,996	(7,650,947)	(94,751)	468,000	(2,956,702)

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

**Restricted fixed asset
fund**

Assets inherited on conversion	19,304,520	3,873,717	(274,590)			22,903,647
Other capital funding	123,818	22,745	(43,706)	94,751		197,608
	19,428,338	3,896,462	(318,296)	94,751	-	23,101,255
Total Restricted funds	16,460,338	11,185,457	(7,969,243)	-	468,000	20,144,553
Total funds	17,497,488	11,955,401	(8,708,221)	-	468,000	21,212,670

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

19. Statement of funds (continued)

	2016 Brought Forward £	2016 Income £	2016 Expenditure £	2016 Transfers in/out £	2016 Gains/ (Losses) £	2016 Carried Forward £
Unrestricted funds						
General Fund	-	1,008,082	(30,090)	-	-	977,992
School fund	-	173,103	(113,945)	-	-	59,158
	<u>-</u>	<u>1,181,185</u>	<u>(144,035)</u>	<u>-</u>	<u>-</u>	<u>1,037,150</u>
Restricted funds						
Restricted donations	-	9,615	(9,615)	-	-	-
General annual grant (GAG)	-	4,589,794	(4,498,146)	(91,648)	-	-
Start up grant	-	239,000	(204,979)	(34,021)	-	-
Sponsorship grant	-	50,000	-	-	-	50,000
Devolved formula capital grant	-	17,857	(17,857)	-	-	-
Pupil premium	-	243,734	(243,734)	-	-	-
Rates relief	-	16,518	(16,518)	-	-	-
Sports grant	-	41,560	(41,560)	-	-	-
Universal infant free school meals	-	233,941	(233,941)	-	-	-
Other local authority grants	-	328,890	(328,890)	-	-	-
Special educational needs (SEN)	-	168,679	(168,679)	-	-	-
SCITT funding	-	24,375	(24,375)	-	-	-
Pension reserve	-	(2,205,000)	(95,000)	-	(718,000)	(3,018,000)
	<u>-</u>	<u>3,758,963</u>	<u>(5,883,294)</u>	<u>(125,669)</u>	<u>(718,000)</u>	<u>(2,968,000)</u>
Restricted fixed asset fund						
Assets inherited on conversion	-	19,525,000	(220,480)	-	-	19,304,520
Other capital funding	-	-	(9,322)	125,669	-	116,347
Tesco donation	-	7,500	(29)	-	-	7,471
	<u>-</u>	<u>19,532,500</u>	<u>(229,831)</u>	<u>125,669</u>	<u>-</u>	<u>19,428,338</u>
Total restricted funds	<u>-</u>	<u>23,291,463</u>	<u>(6,113,125)</u>	<u>-</u>	<u>(718,000)</u>	<u>16,460,338</u>
Total of funds	<u>-</u>	<u>24,472,648</u>	<u>(6,257,160)</u>	<u>-</u>	<u>(718,000)</u>	<u>17,497,488</u>



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

19. Statement of funds (continued)

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

Restricted Funds

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

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

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

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

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

The Rates relief, Sports grant and Universal Free school meals grants are self-explanatory.

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

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

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

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

Restricted Fixed Asset Funds

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

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

Under the funding agreement with the Secretary of State, the academies in the trust are not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

19. Statement of funds (continued)

Analysis of academies by fund balance

	Total 2017 £	Total 2016 £
Cross Farm Infant School	22,927	71,655
The Grove Primary School	282,867	435,547
Holly Lodge Primary School	280,649	
Lakeside Primary School	197,232	201,315
Mytchett Primary School	92,126	70,300
Sandringham School	173,275	177,017
Central services	<u>113,357</u>	<u>131,316</u>
 Total before fixed asset fund and pension reserve	 1,162,433	 1,087,150
 Restricted fixed asset fund	 23,101,255	 19,428,338
Pension reserve	<u>(3,051,000)</u>	<u>(3,018,000)</u>
	 21,212,688	 17,497,488

Analysis of academies by cost

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

	Educational staff costs £	Other support s staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £
Cross Farm Infant School	414,614	114,675	26,679	286,384	842,352
The Grove Primary School	1,317,451	156,412	104,733	399,688	1,978,284
Holly Lodge Primary School	786,769	118,548	33,482	183,269	1,122,067
Lakeside Primary School	1,268,319	156,873	76,967	241,178	1,743,337
Mytchett Primary School	754,986	110,803	51,681	147,761	1,065,232
Sandringham School	710,471	85,393	50,411	186,704	1,032,979
Central	<u>12,499</u>	<u>210,798</u>	<u>21,766</u>	<u>80,612</u>	<u>325,675</u>
	<u>5,151,400</u>	<u>1,088,628</u>	<u>365,719</u>	<u>1,320,675</u>	<u>7,926,423</u>



THE KITE ACADEMY TRUST
(A company limited by guarantee)

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

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset fund 2017 £	Total funds 2017 £	Total funds 2016 £
Intangible fixed assets			20,414	20,414	27,217
Tangible fixed assets			23,080,841	23,080,841	19,401,121
Current assets	1,068,117	1,070,663	-	2,138,780	1,658,182
Creditors due within one year		(976,365)		(976,365)	(571,032)
Provisions for liabilities and charges		(3,051,000)		(3,051,000)	(3,018,000)
Total donations and capital grants	1,068,117	(2,956,702)	23,101,255	21,212,670	17,497,488

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

	2017 £	2016 £
Net income for the year (as per Statement of financial activities)	3,247,182	18,215,488
Adjustment for:		
Depreciation charges	311,492	223,027
Amortisation	6,804	6,804
Dividends, interest and rents from investments	(4,261)	(1,079)
(Increase) in debtors	(28,476)	(199,122)
Increase in creditors	405,344	571,031
Capital grants from DFE and other capital income	(22,745)	(7,500)
Net gain on assets and liabilities from local authority on conversion	(3,967,734)	(18,216,251)
Pension adjustment	280,000	95,000
Net cash provided by operating activities	227,606	687,398



THE KITE ACADEMY TRUST
(A company limited by guarantee)

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

22. Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	936,580	738,059
Notice deposits (less than 3 months)	974,611	721,000
Total	<u>1,911,192</u>	<u>1,459,059</u>

23. Conversion to an academy trust

On 1 December 2016 Holly Lodge Primary School converted to an academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Kite Academy Trust from Surrey County Council for £NIL consideration.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Charitable activities - transfer from local authority on conversion

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

	Unrestricted funds	Restricted funds	Restricted fixed asset fund	Total funds
	£	£	£	£
Long leasehold land and buildings			3,873,717	3,873,717
Other assets	315,017			315,017
LGPS pension surplus/(deficit)		(221,000)		(221,000)
Net assets/(liabilities)	<u>315,017</u>	<u>(221,000)</u>	<u>3,873,717</u>	<u>3,967,734</u>



THE KITE ACADEMY TRUST
(A company limited by guarantee)

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

24. Pension Commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016. Contributions amounting to £114,254 were payable to the schemes at 31st August 2017 (2016: £102,247) and are included in creditors. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

During the previous year the employer contribution rate was 14.1%. 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 £486,238 (2016 - £371,517).

ACADEMY TRUST
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £520,000 (2016 - £442,026), of which employer's contributions totalled £430,000 (2016 - £335,618) and employees' contributions totalled £90,000 (2016 - £104,378). The agreed contribution rates for future years are 21.7% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.5%	2.0%
Rate of increase in salaries	2.7%	2.4%
Rate of increase for pensions in payment / inflation	2.4%	2.1%
Inflation assumption (CPI)	2.4%	2.1%
Inflation assumption (RPI)	3.4%	3.1%

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

	2017	2016
Retiring today		
Males	22.5	22.5
Females	24.6	24.6
Retiring in 20 years		
Males	24.1	24.5
Females	26.1	26.9

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

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

ACADEMY TRUST
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,423,000	1,101,000
Debt Instruments	288,000	250,000
Property	135,000	88,000
Cash	77,000	29,000
	<u>1,923,000</u>	<u>1,468,000</u>
Total market value of assets	<u>1,923,000</u>	<u>1,468,000</u>

The actual return on scheme assets was (£1,000) (2016 - £161,000).

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

	2017 £	2016 £
Current service cost	(644,000)	(358,000)
Interest income	40,000	36,000
Interest cost	(106,000)	(110,000)
	<u>(710,000)</u>	<u>(432,000)</u>
Total	<u>(710,000)</u>	<u>(432,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	4,486,000	
Upon Conversion	403,000	3,066,000
Current service cost	644,000	358,000
Interest cost	106,000	110,000
Contributions by employees	90,000	73,000
Changes and assumptions	(469,000)	879,000
Benefits paid	(21,000)	-
Closing defined benefit obligation	<u>5,239,000</u>	<u>4,486,000</u>

THE KITE ACADEMY TRUST
(A company limited by guarantee)



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

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

	2017 £	2016 £
Opening fair value of scheme assets	1,468,000	
Upon conversion	182,000	861,000
Interest	40,000	36,000
Return on plan assets	(1,000)	161,000
Employer contributions	430,000	337,000
	90,000	73,000
Employee contributions	(21,000)	-
Benefits paid		
Closing fair value of scheme assets	<u>2,188,000</u>	<u>1,468,000</u>

25. Operating lease commitments

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	14,845	3,820
Between 1 and 5 years	16,948	3,502
Total	<u>31,796</u>	<u>7,322</u>
Amounts receivable:		
Within 1 year	5,250	4,792
Between 1 and 5 years	17,292	17,052
After more than 5 years	5,729	5,729
Total	<u>28,271</u>	<u>27,573</u>

THE KITE ACADEMY TRUST
(A company limited by guarantee)



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

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

During the year ended 31 August 2017 Kite Academy Trust was charged £1,875 by Soft Purple for HR consultancy *J Godolphin*, owner of the company, is a Governor at one of the trust's academies.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.

28. Legal Status

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