

**The Key Educational Trust
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2018

Company Registration Number: 07702211 (England and Wales)

The Key Educational Trust

Contents

Page

<i>Reference and Administrative Details</i>	2
<i>Directors' Report</i>	7
<i>Directors' Statement</i>	18
<i>Statement on Regularity, Propriety and Compliance</i>	20
<i>Statement of Directors' Responsibilities</i>	21
<i>Independent Auditor's Report to the Members</i>	22
<i>Independent Reporting Accountants' Assurance Report on Regularity</i>	25
<i>Statement of Financial Activities incorporating Income & Expenditure Account</i>	27
<i>Balance Sheet</i>	28
<i>Cash Flow Statement</i>	29
<i>Notes to the Financial Statements, incorporating:</i>	30
Accounting Policies	
Other Notes to the Financial Statements	

The Key Educational Trust

Reference and Administrative Details

Trust Members (from 1 September 2017 to 31 August 2018)

Revd Paul Kingman – Chair (*Incumbent of the United Benefice of Christ Church, Stone, Oulton and Moddershall*)
Mr Colin Hopkins (*CECET Representative*)
Mr Andrew Stone (*PCC Representative*)
Mrs Gill Latos (*Chair of Directors*)

Directors (from 1 September 2017 to 31 August 2018)

Mrs G Latos (*Chair*)
Mrs J Hope (*Vice Chair*)
Revd P Kingman
Mr P Wilson
Mr C Wright
Mr S Hodgkinson
Mrs T Glover (*until 30 April 2018*)
Mrs A Graham (*co-opted until 31 August 2018*) (*appointed 1 September 2018*)
Mrs D Wilkinson (*co-opted*)
Mr A James

Senior Leadership Team (CCA)

Mr C Wright (*Principal / CEO Trust*)
Mrs A Graham (*Vice Principal*)(*until 31 August 2018*)
Mrs C Johnstone (*Assistant Head Teacher*)(*until 31 August 2018*)
Miss E Rutherford (*Assistant Head Teacher*)
Mrs D Wilkinson (*Finance Director (Trust)*)
Mrs W Holdcroft (SENCO)

Senior Leadership Team (KET)

Mr C Wright
Mrs T Glover
Mrs M Melling
Mrs A Graham
Mrs D Wilkinson

Senior Leadership Team (CCFS)

Mrs T Glover (*Headteacher*) (*until 30 April 2018*)
Mr C Wright (*Acting Headteacher*) (*from 1 April 2018*)
Ms S Barr (*Senior Teacher*)
Mrs J Smith (*PA to Headteacher*)

Senior Leadership Team (OFS)

Mr C Wright (*Executive Headteacher*) (*until 31 August 2018*)
Mrs M Melling (*Lead Teacher*)

The Key Educational Trust

Reference and Administrative Details (continued)

Registered Office

Christ Church Academy
Old Road
Stone
Staffordshire
ST15 8JD

Company Registration Number

07702211

Auditors

Plant & Co Limited
Chartered Accountants and Registered Auditors
17 Lichfield Street
Stone
Staffordshire
ST15 8NA

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Bankers

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

The Key Educational Trust

Reference and Administrative Details (continued)

Staffing Establishment Autumn Term 2017 (CCA)

Principal
Vice Principal

Mr C M Wright
Mrs A Graham (to 31.08.18)

TEACHING STAFF

Assistant Headteacher (KS3/ Attendance)
Assistant Headteacher (KS2/SATs Assessment)
Head of Art
Head of Design and Technology
Head of English
Head of MFL
Head of Humanities
Head of Computing
Head of Mathematics
Head of Music
Head of Health & Physical Education
Head of R.E.
Head of Science
Head of PSHE

Miss E Rutherford
Mrs C Johnstone (to 31.08.18)
Miss D Fares
Mrs L McKenzie
Mrs K Brough
Mrs S Taylor
Mr K Healey
Mr G Coulson
Mr H Rudd
Mr K Harrison
Mrs H Marsden
Mrs L Nicholson-Ward
Mrs A Wall
Mrs C Thomas

SENCO
Head of Year 5 and Reports

Mrs W Holdcroft
Mr M Hodson

Teacher
Teacher
Teacher
Teacher
Teacher
Teacher
Teacher
Teacher
Teacher
Teacher
Teacher
Teacher

Mrs J Shackley
Mr S Pellington
Mr G Hammond
Mr P Jankovskis
Mrs L Chapman (from 01.01.18)
Mr S Lodge
Miss L Clarke (from 01.09.17 to 31.08.18)
Mr C Johnson
Mrs E Miller
Mr S Wall
Mr C Bailey
Mr J Stynes (left 31.10.17)

SUPPORT STAFF

Principal's PA
Business Manager
Finance Officer
Finance Assistant
Finance/Admin Assistant
Administrative Assistants

Miss W Fenton
Mrs D Wilkinson
Mrs C Connolly
Mrs R Warner
Miss C Richardson
Mrs B Sale
Mrs C Pointon
Mrs R Litherland

Cover Supervisor/ Mini Bus
Cover Supervisor

Mrs J Croasdale
Mrs E France (from 09.05.18)

Inclusion/Class Support
Librarian/Before & After School Clubs

Mrs J Dempsey (from 01.09.17 to 22.06.18)
Mrs E Bell

The Key Educational Trust

Teaching Assistants

Mrs K Slater
Mrs S Bramwell (to 15.04.18)
Mrs D Farnell
Mrs H Hodson
Mrs G Terry (to 15.04.18)
Mrs S Weaver
Mrs H Wright (to 31.08.18)
Mrs A Jagadheesan (from 01.03.18)
Mrs C Clews (from 14.05.18)
Mrs T Galanides (from 21.05.18 to 21.07.18)

Laboratory/ D & T Technician ICT Technician

Mrs J Whitby
Mr A Bailey

Site Supervisor

Mr C Warner

LUNCHTIME SUPERVISORS

Senior Supervisor Supervisors

Mrs J Bakker
Miss J Barraclough
Mrs W Salt (to 09.02.18)
Mrs J Whitby
Mrs S Walters
Mrs S Wilkins
Mrs H Sigley
Mrs S Wheatley (from 09.02.18)

Staffing Establishment Autumn Term 2017 (CCFS)

Headteacher

Mrs T Glover (to 30.04.18)

Acting Headteacher

Mr C Wright (from 01.05.18 to 31.08.18)

TEACHING STAFF

YR Class Teacher

Miss A Richardson

Y1 Class Teacher – (Senior Teacher)/SLT

Miss S A Barr

Y2 Class Teacher

Mrs R Doyle (married - previously Mrs R Forster)

Y3 Class Teacher

Mrs E Morgan

Y4 Class Teacher

Mr J Husbands

Intervention & PPA (P/T)

Miss M Babb (maternity leave since June 2018)

TEACHING ASSISTANTS

Mrs A Barnard
Mrs J Starkey
Mrs V Foster
Mrs D Elsmore
Miss E Jones

SUPPORT STAFF

PA/HR & Finance Officer/SLT Clerical Assistant & Snr LSA

Mrs J Smith
Mrs A Farr

Handyperson

Mr D Curtis

LUNCHTIME SUPERVISORS

Mrs K Bruce
Mrs H Castell-Boote

The Key Educational Trust

Staffing Establishment Autumn Term 2017 (OFS)

TEACHING STAFF

Executive Headteacher	Mr C Wright (from 01.05.18 to 31.08.18)
Head of School/Teacher	Mrs M Melling
Teacher	Mrs B Hitchin
Teacher	Mrs S Dawson
Teacher	Mrs S Mannering
Teacher	Mrs V Potts
Teacher	Mrs B Grey
Teaching Assistant/Nursery Nurse	Mrs J Bradbury
Teaching Assistant/Nursery Nurse	Mrs V Hooley
Teaching Assistant/Lunchtime Supervisor	Mrs K Caswell

SUPPORT STAFF

Office Manager	Mrs H Arnold
Caretaker	Mr R Tinsley
Catering Supervisor	Mrs Felgate
Lunchtime Supervisors	Mrs Dale Mrs Caswell Mrs Chambers
Cleaner	Mrs Baines

The Key Educational Trust

Directors' Report

The Directors present their Annual Report together with the audited financial statements of the Key Educational Trust (KET) for the year ended 31 August 2018.

Structure, Governance and Management

Constitution

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

The Directors form the Trust Board of the KET and the Chair and Vice Chair are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Key Educational Trust (company number 07702211).

Details of the Directors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

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.

Directors' Indemnities

Through the year, the Directors have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in Note 11 to the Financial Statements, the limit of this indemnity is £5,000,000.

Principal Activities

The principal activity of the KET is to provide a quality, free education for young people, aged 4 to 13, with the emphasis being on raising levels of achievement.

Method of Recruitment and Appointment or Election of Governors for local governing bodies

The processes for appointing or electing the various types of Governor at the KET are as follows:

- 1) *Foundation Governors* – The Trustees of the Key Educational Trust have fully adopted the Lichfield Diocesan Board of Education Policy on Foundation Governors. This sets out the qualifications required and pre-appointment checks. It also details the appointment procedure together with suspension and/or removal procedures. This document is available upon request from the Academy.
- 2) *Parent Governors* – Parents, including carers, of registered pupils at the Academy are eligible to stand as individuals for election as a Parent Governor. They are elected by other parents at the Academy as individuals who are representative of the parental body. Suitable procedures have been put in place for the conduct of Parent Governor elections.
- 3) *Staff Governors* – Both teaching and support staff paid to work at the Trust are eligible for staff governorship. Suitable procedures have been put in place for the conduct of Staff Governor elections.
- 4) *Local Authority Governors* – The Local Authority Governor was appointed by the Local Authority when the school was a maintained school and the Governing Body elected to keep the position upon conversion.

The Key Educational Trust

Policies and Procedures Adopted for the Induction and Training of Trustees/Directors and Governors

Following their appointment/election all new Governors receive an introduction to their role from the Chair of Governors and Principal. This introduction includes tours of the school's sites and the opportunity to meet other members of the Senior Management Team.

The Board of Directors at the KET are committed to providing adequate opportunities for Governors to undertake and receive suitable training so as to enable them to undertake their role more effectively.

To this end the Board of Directors maintains a Service Level Agreement with the Staffordshire County Council's Governor Services Department. This Agreement allows for any or all of the members of the Governing bodies to attend any of the training courses provided by Staffordshire County Council.

All new Governors/Directors are actively encouraged to take advantage of this agreement so as to gain a better understanding of the role and responsibilities of being a school Governor. Additionally Governors with specific roles within the Board of Directors/local Governing Bodies are strongly encouraged to undertake specific training.

The training and induction provided for new Governors and Trustees will depend upon their existing experience. Specific training sessions are arranged for Governors/Directors as and when required.

Organisational Structure

The KET is supported of the Board of Directors and the seven members (as detailed on page 2), including the Chair of the Board of Directors.

In accordance with the Articles of Association, the KET has adopted revised Terms of Reference. There have been six full Board of Directors meetings in this period, and three committee meetings. There was also an AGM in December 2017.

During the first Board of Directors meeting of the period (September 2017) and the first KET Board Meeting (October 2017), the Chair and Vice-Chair were elected, together with Directors holding specific responsibilities. The full Board of Directors has seven members. Further to this there are two committees, each with its individual focus on specific areas of the Trust. Members of the senior leadership teams regularly attend meetings in order to provide key updates to Directors. There are a minimum of three Directors on each of these committees.

The KET had the following Board members (September 2017):

- a) 9 Board members appointed by the Trust Members which includes:
- b) 6 skill-based Directors representing the three schools within the Trust;
- c) 2 co-opted;
- d) The Principal/CEO.

The Directors who were in office at the date of the annual report, and those who served through the period are shown on page 2.

The day to day management of the charity is delegated to the Senior Leadership Teams, as shown on page 2.

The Key Educational Trust

Risk Management

The Directors confirm that the major risks to which the Trust is exposed have been reviewed and systems have been established to mitigate those risks. The principal risks and uncertainties facing the Trust are as follows:

Risk Description	Action
Diminishing public perception due to possible failure to meet Ofsted's increased criteria.	School self-evaluation updated, new Improvement Plan developed in conjunction with staff and Directors, review of procedures
Disruption of pupils' education as a result of strike action (e.g. action over public sector pensions)	Take reasonable steps to keep the Trust open as normal without compromising strike action.
Financial uncertainties due to: <ul style="list-style-type: none">Lack of information more than a year in advanceChanges in funding formulaCost pressures (e.g. fuel, LGPS contributions, incremental drift)	Contribute to LA consultation process about funding proposals, raise concerns with EFA, plan according to current information (4 or 5 form entry, demographics, salary modellers)

Where significant financial risk still remains the Directors have ensured that they have in place adequate insurance cover. The Trust has an effective system of internal controls as detailed below.

Statement on the system of internal financial controls

As Directors, we acknowledge we have overall responsibility for ensuring that the 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 mis-statement or loss.

The Board of Directors has delegated the day-to-day responsibility to the CEO, 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 Key Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

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 the Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Key Educational Trust

The Risk and Control Framework

The Trust's system of internal financial controls 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 Directors;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performances;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors have considered the need for a specific internal audit function and has retained a service level agreement with Staffordshire County Council. The Key Educational Trust used the Finance committee to carry out the functions of an audit committee. The LA report to the RO giving advice on financial matters and performing a range of checks on the Trust's financial systems – this year the reports have been produced for Christ Church Academy. On a termly basis, the RO reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. The Directors are satisfied that the RO's function has been delivered in line with the EFA's requirements. No material control issues have been identified as a result of the RO's work.

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee.

Connected Organisations, including Related Party Relationships

The School Fund of all three schools within the Trust has been aggregated into these accounts as the funds are under the control of the Trust. The income and expenditure of the School Fund are shown in the Trust's restricted and unrestricted general funds, as appropriate.

Christ Church Academy is party to a 125 year lease for the property and all related surroundings, the landlords being Lichfield Diocesan Board of Education and Staffordshire County Council. Oulton First School is party to a 125 year lease. Christ Church First School is party to a 125 year license. The benefits of these leases/licenses have been independently valued and included as restricted fixed asset income and included in the Balance Sheet as at the year end.

Objectives and Activities

Objects and Aims

The Trust holds a firm belief that in order to achieve our goals we will work in true partnership. The key stakeholders are the Directors, staff, pupils, parents, the community and other external influences. Through working together to an agreed set of guiding principles that will govern this partnership, we will create the foundation on which the partnership will flourish.

The Key Educational Trust

The principal activity of the Company is the operation of Key Educational Trust to provide education for pupils of differing abilities between the age of 4 and 13 with the emphasis being placed on raising levels of achievement. The key areas are:

<i>Teaching and Learning;</i>	The curriculum, new technologies, inclusion and equality, intervention
<i>Leadership and Management;</i>	Trust Organisation and Design, Workforce reform
<i>Resources;</i>	Financial management, deployment, school environment
<i>Community;</i>	Pupil support, mentoring, partnership of schools

The four areas listed above are essential and integral to the raising of achievement and it is the inter-relationship between these four areas which brings about pupil progress.

Objectives, Strategies and Activities

Within the key areas the main priorities across the Trust are listed below:

Teaching and Learning:

- To work with Leadership and Management to ensure that highly structured schemes of work reflect progression and differentiation;
- To work with Leadership and Management to ensure that assessment is effectively embedded in schemes of work;
- To review the use of data to focus on student progression;
- To ensure that work is matched to the needs and abilities of pupils
- To provide training opportunities in monitoring progression, learning walks, observation and work scrutiny;
- To ensure that effective intervention strategies are in place to drive for improvement alongside the SENCO and Senior Leaders;
- To work with Leadership and Management to maintain tracking and monitoring systems to deliver planned progression targets.

Leadership and Management:

- To manage each Academy's ongoing development;
- To analyse education policy changes and develop appropriate strategic planning;
- To develop effective leadership in the Academies with an emphasis on senior and middle leadership;
- To further develop leadership capacity across the Trust as well as within individual Academies;
- To review self-review and evaluation processes/systems in order that priorities be met;
- To ensure the necessary meeting infrastructures are in place linked to effective CPD.

Resources:

- To work with Leadership and Management to ensure that all the necessary infrastructures are in place in order to enable progression to take place
- To work strategically with Leadership and Management to ensure that succession planning allows for continued high quality provision
- To work with Teaching and Learning to ensure priorities for effective training opportunities are resourced

Community:

- To develop collaborative working arrangements with stakeholders, this includes parents, local businesses and feeder first schools
- To develop systems to share the best practice within the Trust and across the local partnership of schools
- To develop opportunity for other partnership schools to join the Trust

The Key Educational Trust

Other Strategies and Policies:

Equal Opportunities

The Trust recognises that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled Persons

Due to the age and nature of its premises Christ Church Academy (CCA) cannot offer complete access to all curriculum areas and facilities at present. However, within these constraints, CCA has made a number of reasonable adjustments to cater for staff and students with a range of disabilities, and is committed to making further improvements to provide increased access.

The Trust has implemented a number of detailed policies and guidelines in relation to all aspects of personnel matters including:

- Equal Opportunities Policy
- Health & Safety Policy
- ICT Security Policy
- Pay Policy
- Performance Management Policy
- Safeguarding Policy

In setting our objectives and planning our activities the Board of Directors have given careful consideration to the Charity Commission general guidance on public benefit.

Public Benefit

The Board of Directors have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by KET is the maintenance and development of the high quality education provided by the school to the young people within the local community. In doing this KET not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities, educational trips, visits and foreign exchange programmes are offered and undertaken.

Achievements and Performance

Christ Church Academy has enjoyed another successful year with the introduction of the new KS2 assessments. Whilst Maths attainment was disappointing strategies have been put in place to address this in coming years. There was sustained good progress and attainment over the four-year period pupils are at the Academy. The Academy was again oversubscribed, and a decision was taken to exceed PAN and admit 150 pupils into 5 forms against a planned admission number of 120.

Performance for Christ Church First School and Oulton First School are detailed below alongside that of Christ Church Academy.

Extra-curricular and enrichment achievements

- ***Christ Church Academy***

There is a strong commitment in the Academy to maintain a broad and balanced curriculum and to support it through a rich and varied programme of enrichment and extra-curricular activities. These take place during and after the school day and involve musical, artistic, sporting, and academic activities. On occasion there may be over 80 children on site after school making the most of these opportunities. Over 100 children returned to support the Academy Open Morning on a Saturday in October, supporting activities in classrooms as well as guiding and hosting prospective parents.

Christ Church Academy has continued to enjoy considerable sporting success in local and county events in the last year across the age groups and gender in both individual and team activities.

The Key Educational Trust

Community participation is important to pupils and they are encouraged to engage in a number of opportunities including supporting first schools' sports events. Concerts and events over the year provide opportunities for pupils to display their talents in playing instruments, dancing and performing drama. Other opportunities such as taking a lead in lighting, sound and crew are available for pupils.

In June 2018 Christ Church Academy organised a fourth successive summer concert called 'Stone Rocks'. This was a tremendous opportunity for children to showcase their talents and the result of long hours of practice. Participants were supported by family, friends as well as members of the local community. Pupils took part in the annual Stafford and Stone Sports Partnership Dance Festival, at the Stafford Gatehouse Theatre and the choir and artists contributed to the Stone Lights ceremony and advent window event. Children from the Academy constituted the largest contingent at the Stone Music event at the Regent Theatre.

Developing children's sense of belonging to both their local and wider community is important. To this end children participated in a range of very successful charity fundraising activities which resulted in a grand total of £2,271.68. This sum was donated to various charities, including Cancer Research UK and Macmillan Cancer Support.

The curriculum was enriched in many ways including day trips such as a Year 5 pupils' adventure & team building day at Birches Valley, Year 6 pupils' residential week undertaking outdoor and adventurous activities at Stanley Head. Year 7 benefited from a Geography and Science week in North Wales and Year 8 had the opportunity to visit Northern France and experience a different culture and practice their language skills.

A ski trip to America takes place on average every two years and which is open to current and past pupils. The most recent trip took place in February 2017 and further trips are being considered possibly to Europe.

The local parish team have been a terrific support to the children at the Academy leading a weekly worship time and supporting the running of the 'Seekers' extra-curricular club. This provides an opportunity for pupils to explore their own beliefs and learn more about the Christian faith.

- ***Oulton First School***

The programme of extra-curricular and enrichment opportunities has continued to be developed over the last year.

Clubs run during and after the school day are well attended and include activities such as dance, football, choir, eco club, gardening, art and crafts and cooking to name a few. Professional sports coaches run after-school clubs and they are well-attended. There is a charge for all after-school clubs to try and offset costs incurred.

Approximately 15 children returned to support the Open Morning in November, showing parents and children different activities and providing a warm reception.

The Oulton First School choir is involved in many community events over the year. They represent the school at major local events such as the Stone Lights switch on, Advent Window opening, the Oulton PTFA Christmas Fayre, Walton Community Fayre as well helping raise funds for charities including St John's and Children in Need.

The school provides a wide range of enrichment trips and opportunities to support the broad and balanced curriculum. Examples of such trips include trips to Chester, Gatehouse Theatre, Reaseheath Zoo, Birmingham Aston Hall, Tatton Park, as well as our wonderful Forest School work that happens weekly at Kibblestone International Scout Camp.

The school is very well supported by the local church, St John's. Member of the church lead the school in worship once a week and provide a venue for Harvest, Christmas and Easter Services.

The Key Educational Trust

- **Christ Church First School**

Pupils at Christ Church C.E. First School benefit from a rich variety of extra-curricular opportunities. These take place during and after the school day and involve sporting, musical, artistic and academic activities. These clubs are extremely popular. Our choir and artists contributed to the Stone Lights ceremony and advent window event.

New sports providers started in September 2017 have provided greater inclusivity, engagement and enjoyment for our children resulting in the acquisition of skills, improved behaviour, more effective use of Sports Premium/curriculum budget and quality first teacher CPD. They also provide enriched after school experiences for pupils, which is fully-funded through Sports Premium to enable greater accessibility for all pupils. Entrust music services deliver our music curriculum and pupils enjoy learning to play musical instruments as a class enhancing their team.

Our children enjoy a thematic curriculum and this is supported through activity days such as: superhero days, Projects and Project afternoons showcasing to parents, photos on website, World Book Week, beginning and end of term whole school themes culminating in project days and whole school performances for the community (St Dominic's Hall).

Open morning – The format is the same across the KET now. Our open morning involved pupils welcoming our visitors and working on classes to showcase the school. We are hopeful that this will lead to new children attending our school in the near future.

Pupils have strong community links with the local church, local businesses and council. Pupils take part in competitions that enhance the school and local area. (Stone in Bloom, eco-schools, anti-bullying.) The school supports a number of charities each year such as The Salvation Army (who receive our harvest gifts), Christian Aid and Children in Need to name a few.

Our Eco-Heroes are our ambassadors for saving the planet and for saving our schools resources! Christ Church C.E. First School have arranged enrichment trips to support learning across the curriculum. This includes an annual residential trip to Standon Bowers for our Year 4 pupils. This prepares Year 4 for finishing their First School education and make final preparations for their move into Middle Schools. It also reinforces relationships with staff and their peers. We also have in visiting theatre groups and make as much use of the local area to enrich the school curriculum. (E.g. Downs Banks, Crown Meadow and the canal.)

Our school community continued to benefit from excellent links with the parish team who lead a weekly 'Open Book' worship. The team also supports the running of the 'King Zone' extra-curricular club, providing an opportunity for pupils to explore and learn about the Christian faith as well as holding family worship for each year group on rotation.

2018 Data

2017/18 CCFS	Sch 2017	Sch 2018	LA	National
EYFS GLD	82	84	75	71.6
Y1 Phonics	83	87	84.7	82.5
Y2 Phonics	96	100	60	60.8
KS1 Reading	85	82.1	78.1	75.4
Greater depth	31	50	27.1	25.6
KS1 Writing	85	82.1	73.1	70
Greater depth	19	32.1	17	16
KS1 Maths	84	89.3	78	76
Greater depth	38	35.7	22	22
KS1 Science	92	89.3	84	82.3
KS1 SPAG	65	92		
Greater depth	25	32		
KS1 RWM	75	75	69	65
Greater depth	15.4	10.7	12.3	11.7
PP children				

2017/2018 OFS	Sch 2017	Sch 2018	LA	National
EYFS GLD	88	92.9	75	71.6
Y1 Phonics	93	86.7	84.7	82.5
Y2 Phonics	100	100	60	60.8
KS1 Read	83	78.6	78.1	75.4
Greater depth	33	36	27.1	25.6
KS1 Writing	92	79	73.1	70
Greater depth	0	29	17	16
KS1 Maths	75	79	78	76
Greater depth	0	21	22	22
KS1 Science	92	93	84	82.3
KS1 SPAG	92	92		
Greater depth	32	32		
KS1 RWM	67	64.3	69	65
Greater depth	0	21.4	12.3	11.7
PP children	N/A			

The Key Educational Trust

In order to have benchmark data which can be compared to other schools nationally, we use GL Assessments in both English and Maths.

A baseline assessment is taken at the start of Year 5 and then at the end of each Academic Year. The average score for each cohort is 100.

English Attainment

Cohort	Current Year group	Attainment (Average Scaled Scores)				
		Baseline	End of year 5	End of Year 6	End of Year 7	End of Year 8
2018	5	106.4				
2017	6	101.2	102.2			
2016	7	105.3	105.2	106.3		
2015	8	101.1	103.0	101.4	105.4	
2014	9				108.1	108.3

English Progress made in 2017-18 compared to prior attainment

	Numbers	Unable to chart	Much Lower	Lower	Expected	Higher	Much Higher
2017: Year 6	146	4 (2%)	13 (9%)	31 (21%)	64 (44%)	26 (18%)	9 (6%)
2016: Year 7	148	9 (6%)	4 (2%)	12 (8%)	87 (60%)	19 (13%)	17 (11%)
2015: Year 8	142	2 (1%)	2 (1%)	5 (4%)	85 (61%)	37 (27%)	9 (6%)

Maths Attainment

Cohort	Current Year group	Attainment (Average Scaled Scores)				
		Baseline	End of year 5	End of Year 6	End of Year 7	End of Year 8
2018	5	97.1				
2017	6	94.1	100.9			
2016	7	97.2	105.0	101.5		
2015	8		100.5	98.2	106.6	
2014	9		102.4		108.1	112.9

Maths Progress

	Numbers	Unable to chart	Much Lower	Lower	Expected	Higher	Much Higher
2017: Year 6	146	4 (2%)	4 (2%)	9 (5%)	69 (47%)	25 (22%)	36 (24%)
2016: Year 7	148	9 (6%)	27 (18%)	19 (13%)	61 (41%)	16 (11%)	15 (10%)
2015: Year 8	142	3 (2%)	1 (1%)	1 (1%)	29 (20%)	48 (34%)	59 (42%)

To ensure that standards are maintained, the Trust Academies operate a policy of lesson observations, intervention groups, moderation of assessments, book and planning trawls, pupil voice interviews and learning walks. Data tracking is carried out regularly to facilitate early intervention.

The Key Educational Trust

Key Performance Indicators

The following key performance indicators are considered when reviewing performance:

EYFS

Percentage of EYFS pupils achieving a Good Level of Development (GLD)

Key Stage 1

Percentage of Y1 pupils achieving expected standard in Phonics

Percentage of Y2 pupils achieving expected standard in Phonics in retest

Percentage of Y2 pupils achieving expected standard in Reading, Writing, Maths and Science

Key Stage 2

Percentage of pupils achieving scaled score of 100+

Percentage of pupils achieving scaled score of 100+ in Reading, Writing and Maths

Percentage of pupils making expected+ progress from KS1 to KS2

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the three Academies have 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 note of the financial statements.

Financial Review

The majority of the Trust's income in the year was its General Annual Grant (GAG), the use of which is restricted to use in the furtherance of the objects of the Trust. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

Total income for the Trust during the year was £3.636m (2017 £3.451m) and total expenditure was £3.7m (2017 £3.655m), giving rise to a deficit of £0.064m (2017 £0.204m).

The Trust had cash reserves of £1.211m at the year-end (2017 £1.230m).

The Trust's restricted funds at the year-end were £5.515m (2017 £5.432m) and its unrestricted funds were £0.376m (2017 £0.313m).

The Directors remain concerned with the deficit that the Local Government Pension Fund is reporting. (See Note 25 to the Financial Statements).

Reserves Policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements.

The Directors have identified a number of priorities for capital projects to improve the Trust's facilities, including the ongoing need to replace a substantial proportion of the Trust's ICT infrastructure each year. The level of reserves will be kept under review by the Board of Directors.

Investment Policy

The Trust holds no realisable investments. It does hold cash at bank and the Board of Directors has adopted a low risk strategy in respect of these funds, their primary concern being to maintain adequate funds in the current account, to cover all anticipated requirements.

The Key Educational Trust

Directors' Report (continued)

Plans for Future Periods

In accordance with the aims of the Key Educational Trust, it will continue to drive improvements in the levels of performance of its pupils at all levels. It will continue its efforts to ensure that all pupils are well prepared for the next stage of their education. The Trust will continue to develop its facilities for its pupils and staff, and is currently considering a number of potential projects to improve the premises.

Funds held as Custodian Trustee on behalf of others

During the year ended 31 August 2018, Key Educational Trust did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

Auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the members of the Board of Directors on 10 December 2018 and signed on its behalf by:



Mrs G Latos (Chair)

The Key Educational Trust

Directors' Statement

Scope of Responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Key Educational 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 Directors has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform to 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 Key Educational 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 framework of the Trust is detailed within our Directors Report, starting on page 7 of these financial statements.

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Directors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer has set out in detail how the Trust has delivered improved value for money during the year in the Value for Money Statement issued. A summary of the key areas are as follows:

- Improving educational outcomes
- Financial governance and oversight
- Procurement
- Income generation
- Reviewing controls and managing risk
- Future plans and lessons learned.

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 the Trust's 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 Key Educational Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

The Trust's system of internal financial controls is based on a framework of regular management information and

The Key Educational Trust

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 Directors;
- regular reviews by the Finance Lead 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 performances;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors have considered the need for a specific internal audit function and has retained a service level agreement with Staffordshire County Council. The Key Educational Trust used the Finances committee to carry out the functions of an audit committee. The LA report to the RO giving advice on financial matters and performing a range of checks on the Trust's financial systems – this year the reports have been produced for Christ Church Academy. On a termly basis, the RO reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. The Directors are satisfied that the RO's function has been delivered in line with the EFA's requirements. No material control issues have been identified as a result of the RO's work.

Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the Premises Committee, undertaking the functions of an audit committee;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee.

Charity Commission general guidance on public benefit.

Approved by order of the members of the Board of Directors on 10 December 2018 and signed on its behalf by:



Mrs G Latos
(Chair)



Mr C M Wright
(Accounting Officer)

The Key Educational Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of the Key Educational Trust, I have considered my responsibility to notify the Academy's Board of Directors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



Mr C M Wright
Accounting officer

10 December 2018

The Key Educational Trust

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources, including the income and expenditure of the Trust for the year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the Trust applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency, an executive agency of the Department for Education, have been applied for the purposes intended.

In so far as the Directors are aware:

- there is no relevant audit information of which the Trust's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Trust'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 Directors on the 10 December 2018.

And signed on its behalf by:



Mrs G Latos
(Chair)

The Key Educational Trust

Independent Auditor's Report to the Members of The Key Educational Trust

We have audited the financial statements of the Key Educational Trust ("the Trust") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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

Opinion on financial statements

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

The Key Educational Trust

Independent Auditor's Report to the Members of The Key Educational Trust (continued)

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 matter 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 Directors' Report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 21, the Directors 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 Directors 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 Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

The Key Educational Trust

Independent Auditor's Report to the Members of the Key Educational Trust (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Peter J Plant FCA (Senior Statutory Auditor)
For and on behalf of Plant & Co Limited, Chartered Accountants and Statutory Auditor
17 Lichfield Street
Stone
Staffordshire
ST15 8NA

Date: 10 December 2018

The Key Educational Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Key Educational Trust and the Education and Skills Funding Agency

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

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

Respective responsibilities of the Key Educational Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Key Educational Trust's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- scrutinising ledgers and supporting evidence regarding the use of restricted funds;
- checking opening and closing fund reconciliations;
- reviewing the financial management information prepared by the finance committee and the minutes of the meeting of Directors; and
- undertaking assurance based testing as additional procedures in each area of our audit work, focusing on both the use of funds and the understanding by the accounting officer and Directors of their respective responsibilities, in particular how the systems in place assisted them in fulfilling those responsibilities.

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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The Key Educational Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Key Educational Trust and the Education and Skills Funding Agency (continued)

A handwritten signature in black ink, appearing to read 'P J Plant', with a stylized flourish at the end.

Mr P J Plant FCA
Reporting Accountant

Plant & Co Limited
Chartered Accountants and Registered Auditors
17 Lichfield Street
Stone
Staffordshire
ST15 8NA

Date: 10 December 2018

The Key Educational Trust

Statement of Financial Activities for the year ended 31 August 2018
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
Income and endowments from:						
Donations and capital grants	2	8	-	160	168	119
Transfer from local authority on conversion		-	-	-	-	-
Charitable activities:						
Funding for the Trust's educational operations	5	-	3,413	-	3,413	3,284
Provision of boarding activities	28	-	-	-	-	-
Other trading activities	3	54	-	-	54	47
Investments	4	1	-	-	1	1
Total		63	3,413	160	3,636	3,451
Expenditure on:						
Raising funds	6	-	92	-	92	131
Charitable activities:						
Trust's educational operations	7,8	-	3,458	150	3,608	3,524
Provision of boarding activities	28	-	-	-	-	-
Other		-	-	-	-	-
Total	6	-	3,550	150	3,700	3,655
Net income / (expenditure)		63	(137)	10	(64)	(204)
Transfers between funds	15	-	(56)	56	-	-
Other recognised gains / (losses)						
Actuarial (losses)/gains on defined benefit pension schemes	15, 25	-	210	-	210	233
Net movement in funds		63	17	66	146	29
Reconciliation of funds:						
Total funds brought forward	15	313	(402)	5,834	5,745	5,716
Total funds carried forward	15	376	(385)	5,900	5,891	5,745

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses during the year.

The Key Educational Trust

Balance sheet as at 31 August 2018

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	12		5,880		5,834
Current assets					
Stock		-		-	
Debtors	13	116		94	
Cash at bank and in hand		1,211		1,230	
		<u>1,327</u>		<u>1,324</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>496</u>		<u>505</u>	
Net current assets			<u>831</u>		<u>819</u>
Total assets less current liabilities			<u>6,711</u>		<u>6,653</u>
Creditors: Amounts falling due after more than one year			-		-
			<u>6,711</u>		<u>6,653</u>
Net assets / (liabilities) excluding pension liability					
Defined benefit pension scheme liability	25		<u>820</u>		<u>908</u>
Net assets / (liabilities) including pension liability			<u>5,891</u>		<u>5,745</u>
Funds of the Trust:					
Restricted funds					
Fixed asset fund	15	5,900		5,834	
General fund	15	435		506	
Pension reserve	15	<u>(820)</u>		<u>(908)</u>	
Total restricted funds			<u>5,515</u>		<u>5,432</u>
Unrestricted income funds	15		<u>376</u>		<u>313</u>
Total funds			<u>5,891</u>		<u>5,745</u>

The financial statements on pages 1 to 48 were approved by the Trustees', and authorised for issue on 10 December 2018 and are signed on their behalf by:



Reverend P Kingman
(Chair)
Company Limited by Guarantee
Registration Number 07702211

The Key Educational Trust

**Statement of Cash Flows
Year Ended 31 August 2018**

	Notes	2018 £000	2017 £000
Cash transferred on conversion	30	-	-
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	19	16	202
Cash flows from investing activities	21	(35)	(5)
Cash flows from financing activities	20	-	-
Change in cash and cash equivalents in the reporting period	22	<u>(19)</u>	<u>197</u>
Cash and cash equivalents at 1 September 2017		1,230	1,033
Cash and cash equivalents at 31 August 2018		<u>1,211</u>	<u>1,230</u>

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Statement of accounting policies

General Information

The Key Educational Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details beginning on page 2 of these financial statements. The nature of the Academy trusts operations and principal activities are set out in the Governor' Report beginning on page 7.

Basis of Preparation

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

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

Income

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

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable 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.

Capital grants are recognised when receivable and are 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.

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

- **Sponsorship income**
Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.
- **Donations**
Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.
- **Other income**
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided goods or services.
- **Donated goods, facilities and services**
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and "Income from other trading activities". Upon sale, the value of the stock is charged against "Income from other trading activities" and the proceeds are recognised as "Income from other trading activities". Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within "Income from other trading activities".

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

Expenditure

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

- **Expenditure on raising funds**
This includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable activities**
These are costs incurred on the Trust trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful lives, as follows:

Long leasehold land	-	2% straight line
Long leasehold buildings	-	2% straight line
Fixtures, fittings and equipment	-	15% reducing balance
ICT equipment	-	15% reducing balance

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

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

Liabilities

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

Provisions

Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting Policies (continued)

Stock

Where material, stock consists of purchased goods for resale. Where material, stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 25, the TPS is 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 is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The Trustee's do not believe that there are any areas of judgement that are critical to the financial statements.

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	160	160	114
Donated fixed assets	-	-	-	-
Other donations	8	-	8	5
	<u>8</u>	<u>160</u>	<u>168</u>	<u>119</u>

Income from donations and capital grants was £168,000 (2017 - £119,000) of which £8,000 (2017 - £5,000) was attributable to unrestricted funds, £Nil (2017 - £Nil) was attributable to restricted general funds and £160,000 (2017 - £114,000) was attributable to restricted fixed asset funds.

3 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Hire of facilities	10	-	10	5
Provision of educational services	22	-	22	23
Trading income	22	-	22	19
	<u>54</u>	<u>-</u>	<u>54</u>	<u>47</u>

Income from other trading activities was £54,000 (2017 - £47,000) of which £54,000 (2017 - £47,000) was attributable to unrestricted funds, £Nil (2017 - £Nil) was attributable to restricted general funds and £Nil (2017 - £Nil) was attributable to restricted fixed asset funds.

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

Investment income was £1,000 (2017 - £1,000) of which £1,000 (2017 - £1,000) was attributable to unrestricted funds, £Nil (2017 - £Nil) was attributable to restricted general funds and £Nil (2017 - £Nil) was attributable to restricted fixed asset funds.

5 Funding for Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	3,207	3,207	3,094
Start-up grants	-	-	-	-
Other DfE/EFA grants	-	80	80	24
	<u>-</u>	<u>3,287</u>	<u>3,287</u>	<u>3,118</u>
Other Government grants				
Local authority grants	-	-	-	-
Special educational projects	-	34	34	16
	<u>-</u>	<u>34</u>	<u>34</u>	<u>16</u>
Other income from the Trust's educational operations		92	92	150
	<u>-</u>	<u>3,413</u>	<u>3,413</u>	<u>3,284</u>

Funding for Trust's educational operations was £3.413m (2017 - £3.284m) of which £Nil (2017 - £Nil) was attributable to unrestricted funds, £3.413m (2017 - £3.284m) was attributable to restricted general funds and £Nil (2017 - £Nil) was attributable to restricted fixed asset funds.

Contingencies and unfulfilled conditions attaching to government grants are detailed in note 15, where appropriate.

6 Expenditure

	Staff Costs £000	Non Pay Expenditure		Total 2018 £000	Total 2017 £000
		Premises £000	Other Costs £000		
Expenditure on raising funds	-	-	92	92	131
Trust's educational operations					
Direct costs	2,330	150	264	2,744	2,743
Allocated support costs	443	187	234	864	781
	<u>2,773</u>	<u>337</u>	<u>590</u>	<u>3,700</u>	<u>3,655</u>

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Expenditure (continued)

£Nil (2017 - £nil) of the above expenditure on the Trust's educational operations was attributable to unrestricted funds, £3.586m (2017 - £3.499m) was attributable to restricted general funds and £150,000 (2017 - £156,000) was attributable to restricted fixed asset funds.

	2018 £000	2017 £000
Net income/(expenditure) for the year includes:		
Operating lease rentals	-	-
Depreciation	150	156
(Gain)/Loss on disposal of fixed asset	-	-
Fees payable to auditor for:		
Audit	8	8
Other services	-	-
	158	164

Included within resources expended are the following transactions.

	Total £	Individual items above £5,000	
		Amount £	Reason
Ex-gratia payments	-	-	n/a
Compensation payments	-	-	n/a
Gifts made by the trust	-	-	n/a
Fixed asset losses	-	-	n/a
Stock losses	-	-	n/a
Unrecoverable debts	-	-	n/a
Cash losses	-	-	n/a

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7 Charitable Activities

	Total 2018 £000	Total 2017 £000
<i>Direct costs – educational operations</i>	2,744	2,743
<i>Support costs – educational operations</i>	864	781
	<u>3,608</u>	<u>3,524</u>

Analysis of support costs	Total 2018 £000	Total 2017 £000
Support staff costs	443	338
Depreciation	-	-
Premises costs	187	154
Other support costs	166	220
Governance costs	68	69
Total support costs	<u>864</u>	<u>781</u>

8 Staff

(a) Staff costs

	2018 £000	2017 £000
Staff costs during the period were:		
Wages and salaries	2,012	2,067
Social security costs	196	186
Operating costs of defined benefit pension schemes	348	329
	<u>2,556</u>	<u>2,582</u>
Supply staff costs	217	100
Staff restructuring costs	-	-
	<u>2,773</u>	<u>2,682</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

(b) Staff severance payments

No severance payments were made during the year (2017: £Nil).

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

(c) Staff numbers

The average number of persons (including senior management team) employed by the Trust during the year, and the full time equivalents, was as follows:

	2018 Number	2018 Full-time equivalent	2017 Number	2017 Full-time equivalent
Charitable Activities				
Teachers	34	31.8	51	37
Administration and support	44	24.7	48	29
Management	10	10.0	10	10
	<u>88</u>	<u>66.5</u>	<u>109</u>	<u>76</u>

(d) Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£100,001 - £110,000	1	1
	<u>4</u>	<u>4</u>

(a) Key management personnel

The key management personnel of the Trust comprise the Directors and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £726,596 (2017: £671,134).

9 Central services

No central services were provided by the Trust to its academies during the period and no central charges arose.

10 Related Party Transactions – Directors' Remuneration and Expenses

Principal and staff directors only received remuneration in respect of services they provided undertaking the roles of Principal and staff and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the Trust in respect of their role as Directors. The value of the Directors remuneration was as follows:

C Wright (Principle and Trustee)	£120,001 - £125,000 (2017: £120,001 - £125,000)
T Glover	£50,001 - £55,000 (2017: £30,001 - £35,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017: £Nil) were reimbursed to the Directors.

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

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides unlimited cover on any one claim. The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 September 2017	5,906	234	152	-	6,292
Transfer on conversion	-	-	-	-	-
Additions	185	11	-	-	196
Disposals	-	-	-	-	-
At 31 August 2018	6,091	245	152	-	6,488
Depreciation					
At 1 September 2017	288	92	78	-	458
Charged in year	118	30	2	-	150
Disposals	-	-	-	-	-
At 31 August 2018	406	122	80	-	608
Net book values					
At 31 August 2018	5,685	123	72	-	5,880
At 31 August 2017	5,618	142	74	-	5,834

13 Debtors

	2018 £000	2017 £000
Trade debtors	1	-
VAT recoverable	75	59
Other debtors	-	-
Prepayments and accrued income	40	35
	116	94

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	145	130
Taxation and social security	85	82
Other creditors	63	61
Accruals and deferred income	203	232
	<u>496</u>	<u>505</u>

Deferred income

	2018 £000
Deferred Income at 1 September 2017	208
Resources deferred in the year	189
Amounts released from previous years	(208)
Deferred Income at 31 August 2018	<u>189</u>

At the balance sheet date, the Trust was holding funds relating to the period from 1 September 2017 through to 31 March 2018, being a rates rebate and DFC.

15 Funds

	Balance at 1 September 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	465	3,207	(3,225)	(56)	391
Transfer on conversion	-	-	-	-	-
Other DfE/EFA grants	-	80	(80)	-	-
Other restricted funds	40	126	(123)	-	43
Pension reserve	(908)	-	(122)	210	(820)
Private sector sponsorship	1	-	-	-	1
	<u>(402)</u>	<u>3,413</u>	<u>(3,550)</u>	<u>154</u>	<u>(385)</u>
Restricted fixed asset funds					
Transfer on conversion	5,305	-	(140)	-	5,165
DfE/EFA capital grants	123	160	(2)	-	281
Capital expenditure from GAG	406	-	(8)	56	454
	<u>5,834</u>	<u>160</u>	<u>(150)</u>	<u>56</u>	<u>5,900</u>
Total restricted funds	<u>5,432</u>	<u>3,573</u>	<u>(3,700)</u>	<u>210</u>	<u>5,515</u>
Unrestricted funds					
Unrestricted funds	313	63	-	-	376
Total unrestricted funds	<u>313</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>376</u>
Total funds	<u>5,745</u>	<u>3,636</u>	<u>(3,700)</u>	<u>210</u>	<u>5,891</u>

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Funds (continued)

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

Closing Restricted General Funds were as follows:

General Annual Grant (£391,000)

The Principal has in place a schedule of improvements, both in IT and building infrastructure, the costs of which will be made from the GAG fund carried forward. There is no restriction on the balance that can be carried forward on this fund.

Other Restricted

School Fund (£43,000)

This represents the balance of funds held in the School Funds bank account.

Private Sector Sponsorship (£1,000)

This represents a donation from the retiring Principal in 2012.

Closing Restricted Fixed Asset Funds were as follows:

Transfer from Local Authority on conversion (£5,165,000)

This represents value of assets transferred upon conversion to the Trust, less depreciation accounted for on those assets.

DfE/EFA capital grants (£281,000)

Since the Academy was formed, certain amounts of capital expenditure have been financed out of GAG. This balance represents the amount of funding used in this manner, less the depreciation accounted for on those assets.

Capital expenditure from GAG (£454,000)

Since the Academy was formed, certain amounts of capital expenditure have been financed out of GAG. This balance represents the amount of funding used in this manner, less the depreciation accounted for on those assets.

Closing Unrestricted Funds were as follows:

Unrestricted Funds (£376,000)

This fund represents the accumulation of unrestricted funds generated from activities.

Total funds analysis by Trust

Fund balances at 31 August 2018 were allocated as follows:

	2018 £000	2017 £000
Christ Church Trust	757	732
Christ Church First School	48	32
Oulton First School	(25)	15
The Key Educational Trust	31	40
Total before fixed assets and pension reserve	<u>811</u>	<u>819</u>
Restricted fixed asset fund	5,900	5,834
Pension reserve	(820)	(908)
Total	<u><u>5,891</u></u>	<u><u>5,745</u></u>

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Funds (continued)

Total cost analysis by Trust

Expenditure incurred by each Trust during the year ended 31 August 2018 was as follows:

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2018 £000	Total 2017 £000
Christ Church Trust	1,715	296	166	346	2,523	2,485
Christ Church FS	372	99	22	126	619	622
Oulton FS	244	48	22	86	400	376
The Key Educational Trust	-	-	-	9	9	16
Total	2,331	443	210	567	3,551	3,499

16 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	5,880	5,880
Current assets	376	951	-	1,327
Current liabilities	-	(496)	-	(496)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(820)	-	(820)
Total net assets	376	(365)	5,880	5,891

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Capital commitments

	2018 £000	2017 £000
Contracted for, but not provided in the financial statements	-	-

18 Commitments under operating leases

Operating leases

As at 31 August 2018 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Amounts due within one year	19	14
Amounts due between one and five years	28	33
Amounts due after five years	3	7
	<u>50</u>	<u>54</u>

19 Reconciliation of net income / (expenditure) to net cash inflow from operating activities

	2018 £000	2017 £000
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)	(64)	(204)
Adjusted for :		
Depreciation (note 12)	150	156
Capital grants from DfE/EFA and other capital income	(160)	(114)
Interest receivable (note 4)	(1)	(1)
Fixed assets inherited on conversion	-	-
Cash funds inherited on conversion	-	-
Prepaid costs inherited on conversion	-	-
Defined benefit pension scheme obligation inherited	-	-
Defined benefit pension scheme cost less contributions payable (note 25)	68	75
Defined benefit pension scheme finance cost (note 25)	54	39
(Increase)/decrease in debtors	(22)	-
Increase/(decrease) in creditors	(9)	251
Net cash provided by (used in) operating activities	<u>16</u>	<u>202</u>

20 Cash flows from financing activities

	2018 £000	2017 £000
Repayments of borrowing	-	-
Cash inflows from borrowing	-	-
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

21 Cash flows from investing activities

	2018 £000	2017 £000
Purchase of tangible fixed assets	(196)	(120)
Capital grants from DfE/EFA	160	114
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Interest receivable (note 4)	1	1
Net cash provided by / (used in) investing activities	(35)	(5)

22 Analysis of cash and cash equivalents

	2018 £000	2017 £000
Cash in hand and at bank	1,211	1,230
Total cash and cash equivalents	1,211	1,033

23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the Trust is required to either re-invest the proceeds or to repay the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State, as the Secretary of State may require.

24 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.

25 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £18,308 (2017: £17,365) were payable to the schemes at 31 August and are included within creditors.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years 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; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2017, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £239,943 (2017: £190,913).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is 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.

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £150k, of which employer's contributions totalled £118k and employees' contributions totalled £32k. The agreed contribution rates for future years are 24.5% for employers and 5.5%-7.5% for employees.

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

Principal Actuarial Assumptions

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.8%	2.5%
Rate of increase for pensions in payment / inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.0%
Inflation assumption (CPI)	2.7%	2.7%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	26.4	26.4

The Trust's share of the assets and liabilities in the scheme:

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	803	630
Bonds	218	99
Property	92	66
Cash	34	34
Total market value of assets	1,147	829

The actual return on scheme assets was £51,000 (2017: £175,000)).

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	(216)	(202)
Net interest cost	(24)	(21)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	<u>(240)</u>	<u>(223)</u>

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

	2018 £000	2017 £000
At 1 September	2,055	1,856
Current service cost	216	202
Interest cost	54	39
Employee contributions	32	30
Actuarial (gain)/loss	(159)	(58)
Curtailments and settlements	-	-
Benefits paid	(14)	(14)
Effect of business combinations and disposals	-	-
At 31 August	<u>2,184</u>	<u>2,055</u>

Changes in the fair value of Trust trust's share of scheme assets:

	2018 £000	2017 £000
At 1 September	1,147	829
Expected return on assets	30	18
Actuarial gain/(loss)	51	175
Employer contributions	118	109
Employee contributions	32	30
Assets distributed on settlements	-	-
Transfer in of new members	-	-
Benefits paid	(14)	(14)
Effect of business combinations and disposals	-	-
At 31 August	<u>1,364</u>	<u>1,147</u>

The Key Educational Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

26 Related Party Transactions

Owing to the nature of the Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest.

No related party transactions took place in the period of account.

27 Events after the balance sheet date

There were no material events up to 10 December 2018 being the date of the approval of the financial statements by the Trustees.

28 Trust boarding trading account for the year ended 31 August 2018

No boarding took place during the accounting period.

