

**Company Registration No. 08299166 (England and Wales)**

**KILTON THORPE SPECIALIST ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

# KILTON THORPE SPECIALIST ACADEMY

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# KILTON THORPE SPECIALIST ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

#### - Chair

I Bowman  
C Rhodes  
M Hadland  
F Brown (resigned 1 September 2019)  
B McCabe (appointed 9 October 2018)  
K Thompson (appointed 1 September 2019)

### Trustees

K Thompson (Head Teacher and Accounting Officer) (Resigned 31 August 2019)  
I Bowman (Chair or trustees)  
D Froom  
M Hadland (Vice Chair)  
F Brown (Responsible Governor)  
G Hopkins  
D Major (Resigned 7 January 2019)  
R Sherris  
M Robinson  
S Gunn (Staff Trustee)  
B Richardson (Accounting Officer) (Appointed 1 September 2019)  
R P Anderson (Appointed 7 January 2019)  
S Walker (Appointed 16 July 2019)  
S D Smith (Appointed 19 November 2018 and resigned 7 January 2019)

### Senior management team

- Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Head of Lower School
- Head of Upper School

K Thompson  
B Richardson  
S Gunn  
A Gardner  
C Smith

### Company secretary

D Marshall

### Company registration number

08299166 (England and Wales)

### Registered office

Marshall Drive  
Brotton  
Saltburn-by-the-Sea  
TS12 2UW

### Independent auditor

Baldwins Audit Services  
Wynyard Park House  
Wynyard Avenue  
Wynyard  
TS22 5TB

# KILTON THORPE SPECIALIST ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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### **Bankers**

Lloyds Bank plc  
St James House  
137 Albert Road  
Middlesbrough  
TS1 2PD

### **Solicitors**

Samuel Phillips  
18-24 Grey Street  
Newcastle upon Tyne  
NE1 6AD

# KILTON THORPE SPECIALIST ACADEMY

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates a special academy in Brotton, Yorkshire in the North East. It currently has an ESFA registered capacity of 158 and currently has 163 on roll.

### **Structure, governance and management**

#### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Kilton Thorpe Specialist Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as KTS Academy.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### 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.

#### Trustees' indemnities

Every governor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour of or which they are acquitted or in connection with any application in which relief is granted by them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy trust.

The academy is part of the Risk Protection Arrangement (RPA), provided by the government which protects trustees from claims arising against negligent acts, errors or omissions occurring whilst on trust business.

#### Method of recruitment and appointment or election of trustees

The Academy Trust is governed by the Governing Body who are directors of the company limited by guarantee. There are three founding members of the Academy, two further members joined during 2016/17. One of these left during 2017 and was replaced in October 2018. An additional member has been added in September 2019 with a former member stepping down. Currently there are five members two of which are also Trustees. The Members can appoint up to two Governors and the Members may appoint the Staff Governors through such a process as they may determine provided that the number of governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors. The Headteacher is treated as being an Ex-Officio Governor. Parent Governors are elected by parents of the pupils at the Academy. A parent governor must be a parent of the pupil at the Academy at the time when he or she is elected. If in appointing a Parent Governor, it is not possible to identify someone who is a parent of a current registered pupil at the Academy then a Parent Governor can be appointed in this capacity if they are a parent of a child who is of compulsory school age.

The Governors may appoint up to three Co-opted Governors. A Co-opted Governor can be brought in by the Governors in order to complement the Governing Body, for instance by bringing in additional business management skills and experience to the Academy Trust.

#### Policies and procedures adopted for the induction and training of trustees

The Governing body have a Service Level Agreement with the Local Authority Governing body section, who advise the group and minute meetings. Included in this SLA is a training package for all Trustees. A report is given at each Governing Body meeting on training undertaken.

# KILTON THORPE SPECIALIST ACADEMY

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Organisational structure

The Headteacher is the accounting officer of the trust. The Academy has a Senior Leadership Team which consists of the Headteacher, Deputy Headteacher and two Assistant Headteachers. The trust employs a Finance leader and also an HR Manager. Decisions regarding areas identified on the school development plan or on the day to day running of the academy will be approved at SLT level. The Governing Body is made up of sub committees of governors, each of the groups has an identified remit. The sub groups may also include a member of the SLT to act in an advisory capacity. Depending upon the remit of the group, decisions made at SLT meetings can be taken to sub-committee or full Governors for consideration/approval. If there is a large financial implication this will be taken to the finance and human resources sub-committee. Financial decisions are set out in the Academy finance handbook and dependent upon the level of finance required will be approved at budget holder level, by the Headteacher and/or Finance Leader, finance and human resources sub-committee or at full governing body level. The budget must be approved by the full governing body.

#### Arrangements for setting pay and remuneration of key management personnel

Each year as part of their remit the Pay Review Committee members meet to determine the school group and also ensure that the range is still appropriate for members of the SLT. The academy follows the guidelines as set out in the STPCD document. If the individual member of the SLT has met their targets for the previous year the members of the committee will decide if the individual member of the SLT if eligible should move up a point through their individual range.

#### Trade union facility time

KTS Academy does not have members of staff undertaking such activities.

#### Related parties and other connected charities and organisations

The Academy continues to be an associate member of the East Cleveland Cooperative Trust which includes a number of local maintained primary schools, secondary schools some of which are maintained and some which are foundation and some academies who are associate members. The Academy has recently joined the North East special school hub of Challenge Partners. (National school support network). This will enable the leadership team to work closely with colleges from other special schools in the North East with a particular focus on quality assurance and educational standards.

Kilton Thorpe Friends Association is run by a group of staff, parents and friends of the pupils who attend the academy, they are a registered charity. The group's main objective is to advance the education of the pupils of the school by developing more extended relationships between staff, parents and other stake holders, engaging in activities which support the school and provide or assist in providing extra resources not normally provided by the academy funding. The group fundraise and apply for charitable grants to support this.

#### **Objectives and activities**

##### Objects and aims

Our aim is to create a supportive and caring environment for children and young people with SEND from across the Redcar and Cleveland Borough, as well as surrounding boroughs. Pupils are admitted throughout the year on an individual basis, via referrals from the local authority.

We are continuing to develop the capital resources and appropriate environments both within the current buildings and externally around the grounds, including further development of specialist areas.

- Delivering a targeted and sustained programme of continuous professional development for every member of the staff team including a comprehensive induction programme.
- Working in partnership with the Redcar and Cleveland Local Authority and neighbouring LAs, other schools and organisations including the East Cleveland Cooperative Learning Trust.
- Promoting rigorous scrutiny and challenge in all aspects of its work and a robust self-evaluation and review cycle that enables change to be implemented to ensure the high standards of education care and support for all of our children young people and their families.

The Trustees feel that they can build upon an already sound establishment to firmly establish and sustain a centre of excellence in the region in promoting the education and welfare of children and young adults with SEN.

# KILTON THORPE SPECIALIST ACADEMY

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Objectives, strategies and activities

Continuing the drive on improving classroom practice/performance.

- Maintain our outstanding grade in all areas of the school. Review and update presentation of SEF.
- Undertake audit and skills review of Trustees. Review the Governance structure to align more with the recommendations as identified in the Governance Handbook (Mar 2019)
- Implement across all areas of the academy the new behaviour tracking and recording system 'Sleuth'.
- Learning and teaching. Emphasis on supporting children with autism:- 54% of pupils have diagnosis.
- Focus on aspects of child development and behaviours. Through CPD, observations and learning walks.
- Develop the outside areas in lower and upper schools.
- Wellbeing. Continue to develop our school wellbeing programme, including identified whole school wellbeing day and Employee Assistance Programme.

#### Public benefit

We can confirm that KTS Academy Trust trustees have complied with their duty to have due regard to the guidance on public benefit as published by the charity commission. It should be noted that the primary purpose of the services provided by KTS Academy are to directly support its children young adults and families and supporting its main aim as promoted within its mission statement.

## **Strategic report**

### **Achievements and performance**

As agreed by the Trustees in the annual development plan

These include: -

Continuing to keep a focus on Learning and teaching. The leadership restructure is working well and the newly appointed members of the leadership have developed since they have been in post. Teachers are being supported well by the leadership team.

Additional areas of responsibility in the leadership team. Since July 2018 the Trust now employs a qualified accountant in the role of Finance lead. His role is to support the Headteacher and the Governors Staffing and finance committee with all aspects of finance. A post of HR Manager has also been created.

#### Key performance indicators

The Academy continues to perform well both financially and educationally. We continue to operate a healthy balance sheet and have been able to invest money in additional staffing and resources over the last year. Our staffing structure and staff areas of responsibility are very efficient and offer good value for money when outcomes for pupils are taken into consideration.

The academy continues to hold the grade of outstanding in all areas, the last inspection was in September 2019.

- Pupils' attendance for the year 91.5% (2018: 92.8%)
- Direct staff costs as a percentage of total costs were 72.7% (2018: 74.9%)
- Support staff costs as a percentage of total costs were 9.8% (2018: 10.3%)

Pupils on pupil premium continues to achieve the same and sometimes better as 85% made progress against their assessments on the development curriculum and 76% made progress within the formal curriculum.

#### Going concern

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

# KILTON THORPE SPECIALIST ACADEMY

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### **Financial review**

The principal sources of funding are the ESFA, the Local Authority and two neighbouring authorities (Middlesbrough and North Yorkshire) for top up funding. Funding remained constant to level in 2018/19 as a result of pupil numbers being at maximum capacity.

Total income for the year 12 month period was £3,825,878, of which £1,869,493 (49%) come from ESFA, £1,841,894 (48%) came from LA and £114,491 (3%) came from other sources.

Our main expense remains teaching and support staff salaries which make up 73% of our total expenditure. Given the nature of our pupils and their individual needs this is considered normal and comparable when benchmarked against other special schools.

The net income for the year (before actuarial gains on the LGPS and charging depreciation) was £215,069 and after charging depreciation was £23,934. The reserves balance as at 31 August 2019 was £797,818.

The effects of the in-year movement on the LGPS liability has resulted in a loss of £886,000 and at 31 August 2019 the pension reserve was in a deficit of £1,767,000.

#### Reserves policy

The Academy has a reserves policy which is reviewed annually by the Trustees. The policy explains the requirement of the Academy to carry forward a prudent level of resources designed to meet long-term cyclical needs of renewal or any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the EFA. The trustees also take into account how much of the reserves should be held in investment. For the 2018/19 year a minimum reserve balance equating to 1 month's equivalence of expenditure was agreed, this would equate to approximately £300,000. When reserves are above the amount stated the Trustees consider using some of the additional reserve for investment in academy resources including capital development for the future benefit of the Academy pupils taking into account the changing population and their needs but ultimately try to save these reserves for a new building. The end of year accounts for 2018/19 are showing reserves of £797,818. There are no Academy funds in deficit.

#### Investment policy

The Headteacher and Governing body have overall responsibility for the security and management of funds. The day-to-day management of the treasury function is controlled by the Finance Leader. The Finance Leader liaises with the Headteacher and the Finance Committee in relation to strategy, status and market conditions. The chair of Finance liaises with the Governing Body for approval of any changes to strategy and to provide an update on investments. The Academy policy is clearly geared towards avoiding risk than to maximising return. The Academy has a guiding principle for ethical investments. The Academy will not take out any long term investments until a reliable cash flow pattern has been established and agreed by the finance committee. Deposits will be made only with institutions approved by the Governing Body in the context of advice from a financial expert. The Governing Body has delegated authority to the Finance Leader to place deposits in the Academy's name, at approved institution, subject to the agreed limits. No deposits are to be placed by the Finance Leader without prior authorisation by the Headteacher or other bank signatory subject to their relevant limits. Approval of investments are dependent upon the amount of investment, with both the Headteacher and Finance Leader able to approve initial investments, the finance committee approving the second tier and the full Governing Body approving the maximum investment. At the year-end there is £250,000 is held on deposit.



# KILTON THORPE SPECIALIST ACADEMY

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Principal risks and uncertainties

The Academy has a risk register which has 7 categories; strategic and reputational, physical, infrastructure, governance, staffing, pupils and financial. Each identified risk is given consideration for likelihood and impact. The controls in place for all risks are identified with actions required and improvements. All risks identified are low (Green). We use RAG system. The Academy has also completed the Finance and Management Governance Self-assessment which has been approved by the ESFA with all actions addressed.

The Academy continues to have an excellent reputation within the LA and beyond both with parents and professionals. The school numbers have steadily grown year on year and there continues to be a demand for more places than we can offer. We currently take children from 3 local Authorities. The school now has an agreed capacity with the EFA for 158 with currently 163 pupils on roll. This number has increased year on year however we have reached our capacity and we would be unable to increase this number unless a substantial investment is made in capital development.

#### **Fundraising**

Kilton Thorpe Friends Association, a registered charity and is run by a group of staff, parents and friends of the pupils who attend the academy is our main channel for fundraising. The group's main objective is to advance the education of the pupils of the school by developing more extended relationships between staff, parents and other stake holders, engaging in activities which support the school and provide or assist in providing extra resources not normally provided by the academy funding. The group fundraise and apply for charitable grants to support this.

The academy currently does not work with any commercial participators /professional fundraisers and donations to all events related to the academy are on a completely voluntary basis. There have been no complaints with regards to any of the academy's fund raising activities.

The academy complies with the fundraising policies of charities when raising money for them eg. Children in Need.

#### **Plans for future periods**

The Academy will continue to improve and develop the main site on Marshall Drive by investing in capital and refurbishment. The Academy still operates the KTS+ site (approx. half a mile away) for approximately 35 of its 14-19 students under a Tenancy at Will arrangement from the Local Authority: moving forward this building may well not be suitable for the needs of the pupils that are currently on the main site of the school and the Academy are considering ways of relocating this provision to the main site.

#### **Funds held as custodian trustee on behalf of others**

The Academy has no funds for which it is acting as custodian trustee.

#### **Auditor**

Insofar as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 16 December 2019 and signed on its behalf by:

I Bowman  
Chair of trustees



# KILTON THORPE SPECIALIST ACADEMY

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, 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 KTS Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The KTS Academy board of trustees has formally met 3 times during the year. Effective oversight is maintained through delegation to sub-committees who meet frequently throughout the year.

Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
K Thompson (Head Teacher and Accounting Officer) (Resigned 31 August 2019)	3	3
I Bowman (Chair of trustees)	3	3
D Froom	2	3
M Hadland (Vice Chair)	2	3
F Brown (Responsible Governor)	3	3
G Hopkins	3	3
D Major (Resigned 7 January 2019)	0	1
R Sherris	0	3
M Robinson	2	3
S Gunn (Staff Trustee)	3	3
B Richardson (Accounting Officer) (Appointed 1 September 2019)		
R P Anderson (Appointed 7 January 2019)	2	2
S Walker (Appointed 16 July 2019)	1	1
S D Smith (Appointed 19 November 2018 and resigned 7 January 2019)		

Key changes in the composition of the board of trustees include D Major resigning as trustee with R Anderson (staff trustee) and S Walker (Headteacher at local Primary school) joining the board. Please note B Richardson (Headteacher and Accounting Officer) joined the Trustees on 1 September 2019 after the retirement of K Thompson. Governance of the academy remains strong.

### Governance Reviews

There has been a great deal of consistency of the trustees since the Academy came into being in December 2012. The attendance at meetings is very good and there is a good cross section of skill sets and experience across the trustees.

In September 2018 the Trustees undertook a skill set audit. The results of this were collated and an action plan has been implemented to support the areas that required further development/strengthening. Additional appointments to the board have strengthened its skill set.

# KILTON THORPE SPECIALIST ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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The Finance Audit and Staffing Committee is a sub-committee of the main board of trustees. Its purpose is:

- Consider the annual budget and recommend to Full Governing Body for final approval.
- Approve the financial statements for filing in accordance with Companies Act and Charity Commission requirements
- Responsible to the Board for ensuring compliance with the Funding Agreement and all relevant financial regulations relating to the Academy are observed
- Oversee capital investment programmes
- Regular monitoring of actual expenditure and income against budget;
- Ensure income and expenditure variances between budgeted and actual results are understood or addressed.
- Authorising the purchases of goods and services of value in excess of £30,000 but less than £50,000;
- Directing the trusts programme of internal scrutiny and reporting to the board on the adequacy of the trusts financial and other controls and management of risk;
- Review staffing needs of the Academy
- Authorising the disposal of fixed assets with a value of greater than £10,000;
- Establish, monitor and review employment policies on behalf of the Governing Body;
- Set and monitor remuneration levels for members of staff except for the Head Teacher, Deputy Head Teacher, Assistant Head Teacher and Academy Finance Leader.
- Remuneration levels for those members of staff will be set by the GB having considered the recommendations of this Committee.
- Contribute to the appraisal of the Head Teacher, Deputy Head Teacher, Assistant Head Teacher and Academy Finance Leader.
- Review and agree staff training programmes

Day to day management of the budget to be delegated to the Head Teacher, or the deputy in his absence.

Attendance during the year at the Finance Audit and Staffing committee meetings was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
K Thompson (Head Teacher and Accounting Officer) (Resigned 31 August 2019)	6	6
I Bowman (Chair of trustees)	5	6
F Brown (Responsible Governor)	5	6
R Sherris	1	3
M Robinson	5	6

# KILTON THORPE SPECIALIST ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2019*

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### **Premises, health and safety committee**

- Draw up and review medium and long term plans relating to the repair, maintenance and development of premises and recommend action to the governing body
- Keep the H&S and emergency procedures and policies under review, ensuring that necessary checks and assessments are carried out and prioritised for action
- Seek professional external advice as and when appropriate to ensure KTS complies with all current H&S requirements

### **Curriculum and standards committee**

- Review, monitor and evaluate the curriculum offer
- Monitor and review behaviour and attendance data, and review policy statements relating to discipline, behaviour and related matters and recommend changes to the governing body.
- Monitor the effectiveness of leadership and management
- Monitor and evaluate the progress and standards of achievement by pupils
- Set priorities for improvement and monitor the impact of improvement plans
- Consider the recommendations from external reviews of the school, agree actions and review the implementation of the plan.

### **Pay review committee**

- Undertake an annual review of all teaching staff salaries, and provide each staff member with a written statement confirming his/her salary from 1st Sept each year
- Report all decisions on pay to the governing body

# KILTON THORPE SPECIALIST ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### Review of value for money

As accounting officer the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Area of value for money	Actions taken	Improvements made
Buildings and maintenance	Refurbishment and reorganisation	Enables more targeted delivery of curriculum, focussed groupings, better use of resources.  Better learning environments.
Leadership / staffing	Due to head retiring, leadership reviewed and restructured	More streamlined leadership team, better delegation of roles and responsibilities.
Curriculum	New curriculum devised and implemented	Leadership team devised curriculum which is used throughout school – allows for better progression, sequencing and ambition in learning.
Systems	Behaviour management system	Purchase and implementation of Sleuth to track and monitor behaviours, to allow for evaluation and development of support plans – improved behaviour resulting in better learning and progress.
Awards	National award systems utilised – RRSA, Artsmark, School Sports	Pursuit of national awards to support the learning across all pupils and extend the curriculum including culture capital. Achievement of Gold Award in RRSA and Silver in Artsmark and School Sports.

### 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 on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in KTS Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

# KILTON THORPE SPECIALIST ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Capacity to handle risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The risk and control framework**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Regular reviews by the finance and human resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- Not to appoint an internal auditor. However the trustees have appointed Sarah Langstaff, Finance Manager of Teesside High to perform a peer review.

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of Income
- Testing of control accounts and reconciliations
- Testing management accounts

On a termly basis the reviewer reports to the board of trustees, through the finance, audit and staffing on the operations of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During 2018/19 any action points notified were minor points and have subsequently been acted upon.

### **Review of effectiveness**

As accounting officer the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

# KILTON THORPE SPECIALIST ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance audit and staffing committee. A plan to ensure continuous improvement of the systems in place.

Approved by order of the board of trustees on 16 December 2019 and signed on its behalf by:

I Bowman  
Chair of trustees



B Richardson  
Accounting Officer



# KILTON THORPE SPECIALIST ACADEMY

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

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As accounting officer of Kilton Thorpe Specialist Academy I have considered my responsibility to notify the Academy Trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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

B Richardson  
Accounting Officer



16 December 2019



# KILTON THORPE SPECIALIST ACADEMY

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees (who are also the directors of Kilton Thorpe Specialist Academy for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees 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 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 16 December 2019 and signed on its behalf by:

I Bowman  
Chair or trustees



# KILTON THORPE SPECIALIST ACADEMY

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KILTON THORPE SPECIALIST ACADEMY

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinion**

We have audited the accounts of Kilton Thorpe Specialist Academy for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

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

### **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 accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### **Other information**

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# KILTON THORPE SPECIALIST ACADEMY

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KILTON THORPE SPECIALIST ACADEMY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# KILTON THORPE SPECIALIST ACADEMY

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KILTON THORPE SPECIALIST ACADEMY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Use of our report**

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Ian Whitfield BA FCA (Senior Statutory Auditor)  
for and on behalf of Baldwins Audit Services**

16 December 2019

**Statutory Auditor**

Wynyard Park House  
Wynyard Avenue  
Wynyard  
TS22 5TB

# KILTON THORPE SPECIALIST ACADEMY

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KILTON THORPE SPECIALIST ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY

**FOR THE YEAR ENDED 31 AUGUST 2019**

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In accordance with the terms of our engagement letter dated 26 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kilton Thorpe Specialist Academy during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Kilton Thorpe Specialist Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Kilton Thorpe Specialist Academy's funding agreement with the Secretary of State for Education dated 7 December 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

# KILTON THORPE SPECIALIST ACADEMY

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KILTON THORPE SPECIALIST ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

### **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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Reporting Accountant**  
Baldwins Audit Services

Dated: 16 December 2019

# KILTON THORPE SPECIALIST ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	7,374	5,000	108,533	120,907	21,065
Charitable activities:						
- Funding for educational operations	4	90,924	3,597,854	-	3,688,778	3,608,140
Other trading activities	5	14,118	-	-	14,118	16,042
Investments	6	2,075	-	-	2,075	2,371
<b>Total</b>		<b>114,491</b>	<b>3,602,854</b>	<b>108,533</b>	<b>3,825,878</b>	<b>3,647,618</b>
<b>Expenditure on:</b>						
Raising funds	7	86,457	-	-	86,457	79,760
Charitable activities:						
- Educational operations	8	27,951	3,512,675	191,135	3,731,761	3,551,200
<b>Total</b>	<b>7</b>	<b>114,408</b>	<b>3,512,675</b>	<b>191,135</b>	<b>3,818,218</b>	<b>3,630,960</b>
<b>Net income/(expenditure)</b>		<b>83</b>	<b>90,179</b>	<b>(82,602)</b>	<b>7,660</b>	<b>16,658</b>
Transfers between funds	17	-	(79,192)	79,192	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(682,000)	-	(682,000)	285,000
<b>Net movement in funds</b>		<b>83</b>	<b>(671,013)</b>	<b>(3,410)</b>	<b>(674,340)</b>	<b>301,658</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		336,367	(634,619)	6,880,034	6,581,782	6,280,124
Total funds carried forward		336,450	(1,305,632)	6,876,624	5,907,442	6,581,782

# KILTON THORPE SPECIALIST ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2018
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	7,487	4,205	9,373	21,065
Charitable activities:					
- Funding for educational operations	4	71,856	3,536,284	-	3,608,140
Other trading activities	5	16,042	-	-	16,042
Investments	6	2,371	-	-	2,371
<b>Total</b>		<b>97,756</b>	<b>3,540,489</b>	<b>9,373</b>	<b>3,647,618</b>
<b>Expenditure on:</b>					
Raising funds	7	79,760	-	-	79,760
Charitable activities:					
- Educational operations	8	15,626	3,353,711	181,863	3,551,200
<b>Total</b>	<b>7</b>	<b>95,386</b>	<b>3,353,711</b>	<b>181,863</b>	<b>3,630,960</b>
<b>Net income/(expenditure)</b>		<b>2,370</b>	<b>186,778</b>	<b>(172,490)</b>	<b>16,658</b>
Transfers between funds	17	-	(659,019)	659,019	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	19	-	285,000	-	285,000
<b>Net movement in funds</b>		<b>2,370</b>	<b>(187,241)</b>	<b>486,529</b>	<b>301,658</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		333,997	(447,378)	6,393,505	6,280,124
Total funds carried forward		336,367	(634,619)	6,880,034	6,581,782



# KILTON THORPE SPECIALIST ACADEMY

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		4,047		6,070
Tangible assets	13		6,872,577		6,873,964
			<u>6,876,624</u>		<u>6,880,034</u>
<b>Current assets</b>					
Debtors	14	185,616		72,089	
Cash at bank and in hand		893,501		703,915	
			<u>1,079,117</u>	<u>776,004</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(281,299)		(193,256)	
<b>Net current assets</b>			<u>797,818</u>	<u>582,748</u>	
<b>Net assets excluding pension liability</b>			<u>7,674,442</u>	<u>7,462,782</u>	
Defined benefit pension scheme liability	19		(1,767,000)		(881,000)
<b>Total net assets</b>			<u>5,907,442</u>	<u>6,581,782</u>	
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			6,876,624		6,880,034
- Restricted income funds			461,368		246,381
- Pension reserve			(1,767,000)		(881,000)
<b>Total restricted funds</b>			<u>5,570,992</u>		<u>6,245,415</u>
<b>Unrestricted income funds</b>	17		<u>336,450</u>		<u>336,367</u>
<b>Total funds</b>			<u>5,907,442</u>		<u>6,581,782</u>

The accounts set out on pages 21 to 43 were approved by the board of trustees and authorised for issue on 16 December 2019 and are signed on its behalf by:

I Bowman  
Chair or trustees



Company Number 08299166

# KILTON THORPE SPECIALIST ACADEMY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

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	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	20		266,703		288,734
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		2,075		2,371	
Capital grants from DfE Group		108,533		9,373	
Purchase of intangible fixed assets		-		(6,070)	
Purchase of tangible fixed assets		(187,725)		(662,322)	
<b>Net cash used in investing activities</b>			(77,117)		(656,648)
<b>Net increase/(decrease) in cash and cash equivalents in the reporting period</b>			189,586		(367,914)
Cash and cash equivalents at beginning of the year			703,915		1,071,829
<b>Cash and cash equivalents at end of the year</b>			893,501		703,915

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# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

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

#### 1.1 Basis of preparation

The accounts of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kilton Thorpe Specialist Academy meets the definition of a public benefit entity under FRS 102.

#### 1.2 Going concern

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

The increase in the reported share of the LGPS deficit in the year has had a significant impact on our restricted funds, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and restricted general reserves.

#### 1.3 Income

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

##### Grants

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 statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

##### Sponsorship income

Sponsorship income provided to the Academy 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.

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### 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 Academy Trust has provided the 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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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 Academy Trust's accounting policies.

### 1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the Academy 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 Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

### 1.5 Intangible fixed assets and amortisation

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software - 3 years

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

##### 1.6 Tangible fixed assets and depreciation

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 Academy Trust's depreciation policy.

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 basis over its expected useful life, as follows:

Buildings	2% straight line
Leasehold improvements	2% straight line
Computer equipment	33% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

The trust's land and buildings are occupied on a 125 year lease from the local authority. In the view of the trustees, the risks and rewards of occupying the site have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. The basis of valuation has been disclosed within the fixed assets note.

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.

##### 1.7 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 Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

##### 1.8 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### 1.9 Financial instruments

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

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.10 Taxation

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

#### 1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

#### 1.12 Fund accounting

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

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **1 Accounting policies**

**(Continued)**

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education or 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.

#### **1.13 Agency arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 25.

### **2 Critical accounting estimates and areas of judgement**

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

#### Critical accounting estimates and assumptions

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

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 2 Critical accounting estimates and areas of judgement

(Continued)

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £82,000 as at 31 August 2019.

#### GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. Although there is some judgement in how this equalisation works and is reflected in the LGPS valuations, actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities and they have included an approximate calculation of the GMP valuation. This has increased the LGPS liability by £4,000 as at 31 August 2019.

#### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	108,533	108,533	9,373
Other donations	7,374	5,000	12,374	11,692
	<u>7,374</u>	<u>113,533</u>	<u>120,907</u>	<u>21,065</u>



# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	1,622,579	1,622,579	1,638,969
Other DfE group grants	-	127,316	127,316	109,008
	-	1,749,895	1,749,895	1,747,977
<b>Other government grants</b>				
Local authority grants	-	1,847,959	1,847,959	1,788,307
<b>Other funding</b>				
Catering income	16,578	-	16,578	15,626
Other incoming resources	74,346	-	74,346	56,230
	90,924	-	90,924	71,856
<b>Total funding</b>	90,924	3,597,854	3,688,778	3,608,140

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Lettings income	4,528	-	4,528	3,923
Catering income	7,438	-	7,438	2,219
Other income	2,152	-	2,152	9,900
	14,118	-	14,118	16,042

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	2,075	-	2,075	2,371

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2019	2018
	£	£	£	£	£
Expenditure on raising funds					
- Direct costs	75,248	-	11,209	86,457	79,760
Academy's educational operations					
- Direct costs	2,375,227	-	205,687	2,580,914	2,490,407
- Allocated support costs	695,265	332,217	123,365	1,150,847	1,060,793
	<u>3,145,740</u>	<u>332,217</u>	<u>340,261</u>	<u>3,818,218</u>	<u>3,630,960</u>

#### Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Fees payable to auditor for:		
- Audit	6,900	7,500
- Other services	2,600	8,553
Operating lease rentals	3,446	3,916
Depreciation of tangible fixed assets	189,112	181,863
Amortisation of intangible fixed assets	2,023	-
Net interest on defined benefit pension liability	22,000	24,000
	<u>220,081</u>	<u>225,832</u>

### 8 Charitable activities

	Unrestricted funds	Restricted funds	Total	Total
	£	£	2019	2018
	£	£	£	£
<b>Direct costs</b>				
Educational operations	6,844	2,574,070	2,580,914	2,490,407
<b>Support costs</b>				
Educational operations	21,107	1,129,740	1,150,847	1,060,793
	<u>27,951</u>	<u>3,703,810</u>	<u>3,731,761</u>	<u>3,551,200</u>

	2019	2018
	£	£
<b>Analysis of support costs</b>		
Support staff costs	695,265	585,911
Depreciation and amortisation	191,135	181,863
Premises costs	141,082	179,233
Other support costs	92,187	76,725
Governance costs	31,178	37,061
	<u>1,150,847</u>	<u>1,060,793</u>

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	2,399,290	2,275,984
Social security costs	152,966	151,952
Pension costs	538,707	433,196
Amounts paid to employees	3,090,963	2,861,132
Agency staff costs	54,777	52,270
Amounts paid to staff	3,145,740	2,913,402
Staff development and other staff costs	75,048	79,406
Total staff expenditure	3,220,788	2,992,808

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	111	104
Administration and support	32	30
Management	5	6
	148	140

#### Higher paid staff

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

	2019 Number	2018 Number
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

#### Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £402,358 (2018: £420,722).

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 10 Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

**K Thompson (headteacher)**

Remuneration £90,001 - £95,000 (2018: £90,001 - £95,000)

Employer's pension contributions £15,001 - £20,000 (2018: £15,001 - £20,000)

**S Gunn (assistant head)**

Remuneration £45,001 - £50,000 (2018: £45,001 - £50,000)

Employer's pension contributions £5,001 - £10,000 (2018: £5,001 - £10,000)

**A Betts (staff)**

Remuneration £nil (not a trustee) (2018: £35,001 - £40,000)

Employer's pension contributions £nil (not a trustee) (2018: £5,001 - £10,000)

**R Anderson (staff) - Appointed 07/01/19**

Remuneration £25,001 - £30,000 (2018: not a trustee)

Employer's pension contributions £1 - £5,000 (2018: not a trustee)

Other related party transactions involving the trustees are set out within the related parties note.

#### 11 Trustees and officers insurance

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

#### 12 Intangible fixed assets

	<b>Computer software £</b>
<b>Cost</b>	
At 1 September 2018 and at 31 August 2019	6,070
<b>Amortisation</b>	
At 1 September 2018	-
Charge for year	2,023
At 31 August 2019	2,023
<b>Carrying amount</b>	
At 31 August 2019	4,047
At 31 August 2018	6,070

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Tangible fixed assets

	Buildings	Leasehold improvements	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2018	6,375,000	1,092,598	96,559	120,406	70,531	7,755,094
Additions	-	166,545	14,780	6,400	-	187,725
At 31 August 2019	6,375,000	1,259,143	111,339	126,806	70,531	7,942,819
<b>Depreciation</b>						
At 1 September 2018	642,091	21,385	96,004	74,641	47,009	881,130
Charge for the year	118,540	21,855	3,917	27,168	17,632	189,112
At 31 August 2019	760,631	43,240	99,921	101,809	64,641	1,070,242
<b>Net book value</b>						
At 31 August 2019	5,614,369	1,215,903	11,418	24,997	5,890	6,872,577
At 31 August 2018	5,732,909	1,071,213	555	45,765	23,522	6,873,964

Land and buildings were valued on the basis of depreciated replacement cost as at 31 March 2013 by Mouchel on behalf of the ESFA. This value was capitalised on the date of conversion.

### 14 Debtors

	2019	2018
	£	£
Trade debtors	622	594
VAT recoverable	58,923	24,173
Other debtors	3,841	-
Prepayments and accrued income	122,230	47,322
	185,616	72,089

### 15 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	194,558	86,647
Other taxation and social security	42,573	40,677
Other creditors	1,744	1,780
Accruals and deferred income	42,424	64,152
	281,299	193,256

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

16 Deferred income	2019 £	2018 £
Deferred income is included within:		
Creditors due within one year	15,354	4,462
Deferred income at 1 September 2018	4,462	17,670
Released from previous years	(4,462)	(17,670)
Resources deferred in the year	15,354	4,462
<b>Deferred income at 31 August 2019</b>	<b>15,354</b>	<b>4,462</b>

At the year end the Academy Trust was holding a careers grant and Universal Infants Free School Meals funding for the 2019-20 academic year received in advance.

17 Funds	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	244,331	1,622,579	(1,335,259)	(70,283)	461,368
Other DfE / ESFA grants	-	127,316	(118,407)	(8,909)	-
Other government grants	-	1,847,959	(1,847,959)	-	-
Other restricted funds	2,050	5,000	(7,050)	-	-
Pension reserve	(881,000)	-	(204,000)	(682,000)	(1,767,000)
	<u>(634,619)</u>	<u>3,602,854</u>	<u>(3,512,675)</u>	<u>(761,192)</u>	<u>(1,305,632)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	5,856,762	-	(118,540)	-	5,738,222
DfE group capital grants	69,142	108,533	(843)	8,909	185,741
Capital expenditure from GAG	945,777	-	(66,476)	70,283	949,584
Private sector capital sponsorship	8,353	-	(5,276)	-	3,077
	<u>6,880,034</u>	<u>108,533</u>	<u>(191,135)</u>	<u>79,192</u>	<u>6,876,624</u>
<b>Total restricted funds</b>	<u>6,245,415</u>	<u>3,711,387</u>	<u>(3,703,810)</u>	<u>(682,000)</u>	<u>5,570,992</u>
<b>Unrestricted funds</b>					
General funds	336,367	114,491	(114,408)	-	336,450
<b>Total funds</b>	<u>6,581,782</u>	<u>3,825,878</u>	<u>(3,818,218)</u>	<u>(682,000)</u>	<u>5,907,442</u>

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### 17 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other DfE/ESFA grants includes pupil premium, PE grant, universal infants free school meals grant funding and teacher pay grant.

Other government grants includes funding for pupils with special educational needs.

Other restricted income includes monies received other than from the local authority or the DfE/ESFA.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

DfE/EFA capital grants consist of the devolved capital grant and CIF funding received which has been spent on building refurbishments during the year.

The inherited fixed asset fund reflects the fixed assets acquired on conversion. Depreciation on these assets is charged against this fund.

Unrestricted funds may be used for any purpose, at the discretion of the trustees, within the objects of the academy trust.

The academy's restricted general and unrestricted funds total £797,818 at 31 August 2019.

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	580,622	1,638,969	(1,316,241)	(659,019)	244,331
Other DfE / ESFA grants	-	109,008	(109,008)	-	-
Other government grants	-	1,788,307	(1,788,307)	-	-
Other restricted funds	-	4,205	(2,155)	-	2,050
Pension reserve	(1,028,000)	-	(138,000)	285,000	(881,000)
	<u>(447,378)</u>	<u>3,540,489</u>	<u>(3,353,711)</u>	<u>(374,019)</u>	<u>(634,619)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	5,975,302	-	(118,540)	-	5,856,762
DfE group capital grants	60,440	9,373	(671)	-	69,142
Capital expenditure from GAG	344,134	-	(57,376)	659,019	945,777
Private sector capital sponsorship	13,629	-	(5,276)	-	8,353
	<u>6,393,505</u>	<u>9,373</u>	<u>(181,863)</u>	<u>659,019</u>	<u>6,880,034</u>
<b>Total restricted funds</b>	<u>5,946,127</u>	<u>3,549,862</u>	<u>(3,535,574)</u>	<u>285,000</u>	<u>6,245,415</u>
<b>Unrestricted funds</b>					
General funds	<u>333,997</u>	<u>97,756</u>	<u>(95,386)</u>	<u>-</u>	<u>336,367</u>
<b>Total funds</b>	<u>6,280,124</u>	<u>3,647,618</u>	<u>(3,630,960)</u>	<u>285,000</u>	<u>6,581,782</u>

### 18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Intangible fixed assets	-	-	4,047	4,047
Tangible fixed assets	-	-	6,872,577	6,872,577
Current assets	336,450	738,187	4,480	1,079,117
Creditors falling due within one year	-	(276,819)	(4,480)	(281,299)
Defined benefit pension liability	-	(1,767,000)	-	(1,767,000)
<b>Total net assets</b>	<u>336,450</u>	<u>(1,305,632)</u>	<u>6,876,624</u>	<u>5,907,442</u>



# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Analysis of net assets between funds

(Continued)

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	Funds
	£	£	£	£
<b>Fund balances at 31 August 2018 are represented by:</b>				
Intangible fixed assets	-	-	6,070	6,070
Tangible fixed assets	-	-	6,873,964	6,873,964
Current assets	359,715	389,133	27,156	776,004
Creditors falling due within one year	(23,348)	(142,752)	(27,156)	(193,256)
Defined benefit pension liability	-	(881,000)	-	(881,000)
<b>Total net assets</b>	<b>336,367</b>	<b>(634,619)</b>	<b>6,880,034</b>	<b>6,581,782</b>

### 19 Pension and similar obligations

The Academy 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 Middlesbrough Borough Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website

#### Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £164,546 (2018: £155,387).

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17.5% for employers and 5.5 to 6.8% for employees. The estimated value of employer contributions for the forthcoming year is £206,000.

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

Total contributions made	2019 £	2018 £
Employer's contributions	194,000	160,000
Employees' contributions	65,000	57,000
Total contributions	259,000	217,000

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.10	3.0
Rate of increase for pensions in payment/inflation	2.10	2.0
Discount rate for scheme liabilities	1.90	2.8
Inflation assumption (CPI)	2.10	2.0

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

	2019 Years	2018 Years
Retiring today		
- Males	21.9	22.9
- Females	23.8	25.0
Retiring in 20 years		
- Males	23.6	25.1
- Females	25.7	27.3

Scheme liabilities would have been affected by changes in assumptions as follows:

The Academy Trust's share of the assets in the scheme	2019 Fair value £	2018 Fair value £
Equities	2,012,376	1,798,720
Cash	334,518	443,520
Property	221,256	189,728
Other assets	65,850	32,032
Total market value of assets	2,634,000	2,464,000

The actual return on scheme assets was £96,000 (2018: £123,000).

Amount recognised in the Statement of Financial Activities	2019 £	2018 £
Current service cost	290,000	274,000
Past service cost	86,000	-
Interest income	(70,000)	(56,000)
Interest cost	92,000	80,000
Total operating charge	398,000	298,000

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

<b>19</b>	<b>Pension and similar obligations</b>	<b>(Continued)</b>	
	<b>Changes in the present value of defined benefit obligations</b>	<b>2019</b>	
		<b>£</b>	
	At 1 September 2018	3,345,000	
	Current service cost	290,000	
	Interest cost	92,000	
	Employee contributions	65,000	
	Actuarial loss/(gain)	708,000	
	Benefits paid	(185,000)	
	Past service cost	86,000	
	At 31 August 2019	4,401,000	
	<b>Changes in the fair value of the Academy Trust's share of scheme assets</b>	<b>2019</b>	
		<b>£</b>	
	At 1 September 2018	2,464,000	
	Interest income	70,000	
	Actuarial gain	26,000	
	Employer contributions	194,000	
	Employee contributions	65,000	
	Benefits paid	(185,000)	
	At 31 August 2019	2,634,000	
<b>20</b>	<b>Reconciliation of net income to net cash flow from operating activities</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Net income for the reporting period (as per the statement of financial activities)	7,660	16,658
	Adjusted for:		
	Capital grants from DfE and other capital income	(108,533)	(9,373)
	Investment income receivable	(2,075)	(2,371)
	Defined benefit pension costs less contributions payable	182,000	114,000
	Defined benefit pension scheme finance cost	22,000	24,000
	Depreciation of tangible fixed assets	189,112	181,863
	Amortisation of intangible fixed assets	2,023	-
	(Increase)/decrease in debtors	(113,527)	14,414
	Increase/(decrease) in creditors	88,043	(50,457)
	<b>Net cash provided by operating activities</b>	<b>266,703</b>	<b>288,734</b>

# KILTON THORPE SPECIALIST ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 21 Commitments under operating leases

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

	2019	2018
	£	£
Amounts due within one year	3,316	3,316
Amounts due in two and five years	8,291	11,607
	<u>11,607</u>	<u>14,923</u>

#### 22 Related party transactions

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

The trust employed Mrs S Thompson during the period. Mrs S Thompson is the spouse of Mr K Thompson (accounting officer) and a salary of £41,555 and pension of £6,848 was paid during the year on standard terms under a contract of employment. Proper appointment procedures were followed and Mr K Thompson had no influence over the appointment. The trust has complied with the requirements of the Academies Financial Handbook 2016.

#### 23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

#### 24 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust brought forward £1,780 from previous years, received £3,540 and disbursed £4,607 from the fund. An amount of £712 is included in other creditors relating to undistributed funds that is repayable to ESFA.

The academy trust also distributes 16-19 vulnerable bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £2,400 and disbursed £2,400 from this fund. There were no undistributed funds relating to this bursary at the period end.