

**KINGSMEAD ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**KINGSMEAD ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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<b>Members</b>	M Griffin S Harrison J Jackson G Turner T Wardell
<b>Trustees</b>	K Davies <sup>2</sup> M Griffin, Head Teacher <sup>1,2,3,4,5,6</sup> S Harrison <sup>1,2</sup> E Heim <sup>1,2,5</sup> J Jackson, Vice Chair <sup>1,3,4</sup> S Lawrence <sup>1,2,3</sup> I Myers (resigned 1 November 2016) <sup>3</sup> I Payne <sup>5</sup> P Pearson (resigned 1 November 2016) <sup>2,4</sup> P Stevens <sup>2,5</sup> G Turner, Chair of Trustees <sup>1,4,5</sup> T Wardell <sup>1,4</sup> J Hunt <sup>3</sup> S Godwin (resigned 1 October 2016) <sup>3,5</sup> D Tucker (appointed )
	1 Finance and Strategic Development Committee 2 Curriculum and Achievement Committee 3 Site and Buildings Committee 4 Personnel and Teaching for Learning Committee 5 Personal Development, Behaviour and Welfare
<b>Company registered number</b>	07547023
<b>Company name</b>	Kingsmead Academy
<b>Principal and Registered office</b>	Hartswell Wiveliscombe Somerset TA4 2NE
<b>Company secretary</b>	E Pow
<b>Accounting Officer</b>	M Griffin
<b>Senior management team</b>	M Griffin, Headteacher B Lewis, Deputy Head A Dunnnett, Assistant Head M Williams, Assistant Head J Elmy, Assistant Head E Pow, School Business Manager
<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

**KINGSMEAD ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

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

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**Advisers (continued)**

**Bankers**

Lloyds Bank  
31 Fore Street  
Taunton  
Somerset  
TA1 1HN

**Solicitors**

Browne Jacobson  
1 Manor Court  
Dix's Field  
Exeter  
EX1 1UP

**KINGSMEAD ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

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

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

The Trust operates an academy for pupils aged 11 to 16 in Wiveliscombe, Somerset. It has a pupil capacity of 1,023 and had a roll of 839 in the school census on 31 January 2017.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy 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.

The Trustees of Kingsmead Academy are also the directors of the charitable company for the purposes of company law.

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

**Members' Liability**

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

**Trustees' Indemnities**

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

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides unlimited cover other than libel and slander where the limit is £500,000 on any one claim.

**TRUSTEES**

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

On 1 April 2011 the Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re election or replacement process.

The Academy's Board of Trustees comprises the Headteacher, a minimum of 2 Parent Trustees, up to 2 Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 16 other Trustees.

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

- up to 13 Trustees who are appointed by members.
- a minimum of 2 Parent Trustees who are elected by Parents of registered pupils at the Academy
- up to 2 staff Trustees appointed by members.
- the Headteacher who is treated for all purposes as being an ex officio Governor.

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

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

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

The Governors may appoint up to 3 Co opted Governors.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

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

There are 3 Trustees' open days per year when governors spend a day in school observing teaching and learning and meeting staff.

**Organisational Structure**

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

There are 6 committees as follows;

- Finance and Strategic Development Committee - this meets at least six times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels.

It is also responsible for setting the strategic direction of the school through the SEF and strategic development plans. It reviews the plans and reports back to full governors.

- Curriculum, Teaching and Learning and School Performance Committee - this meets at least six times a year to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment and examinations.
- Admissions Committee not applicable – admissions are an agenda item of all governors meetings. In year admission applications are considered when required. All matters relating to admissions are dealt with in this manner.
- Site and Buildings Committee – this meets at least six times a year to develop and maintain buildings, grounds, furniture, fixtures and equipment.
- Personnel and Staff Development Committee – this meets at least six times a year and is responsible for monitoring, evaluating and reviewing all recruitment procedures and for determining a pay policy for all staff within the approved budget and ensure arrangements are in place for effective performance.
- Personal Development, Behaviour and Welfare – this meets at least six times a year to establish, monitor and evaluate the pastoral systems to ensure they aid teaching and learning. Senior students attend for part of this meeting.

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

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

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

The Trustees and Board of Governors have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, 3 Assistant Heads and the Business Manager. The SLT implement the policies laid down by the Governors and report back to them on performance.

The Academy has a leadership structure which consists of the Governors and the Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Headteacher is responsible for the appointment of staff, though appointment panels for teaching post always include a Governor.

The Headteacher is the Accounting Officer.

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

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

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

The pay of key management personnel is reviewed annually by the pay committee taking in to account the Pay Policy, and the Teachers Pay and Conditions document. Performance management documents will indicate if targets have been met and performance has been good.

**Connected Organisations, including Related Party Relationships**

The Kingsmead Trust for International Education is a charity linked to the Academy. Staff and students raise funds to support an exchange with schools in Zambia. The exchange runs over two years. 12 Zambian students and 4 staff visit Kingsmead in the first year and 12 Kingsmead students and 4 staff visit Zambia in the second year.

The Academy has strong collaborative links with most of our feeder primary schools which form part of the Tone Valley Partnership. All but 5 of the primary schools and Kingsmead have signed a Charter. The joint vision is to provide the best possible and most rewarding education for all children and young people in the collaboration as they progress through the schools. This will improve their life chances by delivering improved results (academic and non-academic) offer broader horizons to all and enable them to make sustainable life choices.

There are no related parties which either control or significantly influence the decisions and operations of Kingsmead Academy. There are no sponsors associated with the Academy. There is a formal Parent Teacher Associations associated with the Academy.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and Aims**

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

The aims of the Academy during the period ended 31 August 2017 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra curricular activities.
- to develop students as more effective learners.
- to enhance the tertiary provision and outcomes
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to maximise the number of students who achieve 5 A\*-C GCSE grades including English and Maths.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to maintain close links with industry and commerce.
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

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

### **Objectives, Strategies and Activities**

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

#### **Leadership**

- Ensure that the Tone Valley Partnership Charter is enacted at Kingsmead and prepare to apply to become a MAT if and when it becomes necessary and/or desirable
- Further improve the quality of middle leadership through the Leadership Development Group
- Prepare for a possible Ofsted inspection
- Ensure the budget is balanced for 2017/18
- Begin to prepare for succession (particularly at senior level)
- Develop a whole school understanding of what exceptional means at Kingsmead

#### **Teaching and Learning**

- Continued focus and monitoring of consistency in the basics for learning.
- Targeted professional development linked to performance management set up to support staff with QFT, including Literacy across the Curriculum and Numeracy.
- Mentor members of the Leadership Development group where their work is centred within Teaching and Learning.
- Learning Enquiry and ICT Development teams to continue to take lead roles.
- Student Council - develop working parties to further their impact, for example in eco and charity work. Begin by further involvement with PSHCE.
- Following the development of the Language for Learning in 2015/16, continue to develop practices in common across the TVP.



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

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Person Development, Behaviour & Welfare

- Ensure that Kingsmead provides exceptional support for all students to develop as responsible members of the school, local, national and global communities.
- Ensure that students behave towards each other in a caring and respectful way and that behaviour for learning enables students to become independent learners.
- Ensure that all students – especially vulnerable students and their families are supported to achieve through a multi-agency approach.
- Ensure that all students attendance at school is at least good.

Curriculum and Achievement

- Review and update the curriculum model to include the new subjects and specifications whilst maintaining a rigorous, relevant, inclusive and coherent curriculum.
- Explore: Pilot a knowledge based curriculum for Year 7
- Further improve the timetable to meet the diverse needs of learners and provide appropriate timings for the core and option subjects and Personal, Social, Health, Citizenship and Economic Awareness.
- Further develop and improve the systems for monitoring progress and informing teaching and learning.
- Carry out a full analysis of 2015/16 results and identify and implement improvements to the new accountability measures for 2017 onwards.

**Public Benefit**

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

**STRATEGIC REPORT**

**Achievements and Performance**

This has been a particularly testing year for Kingsmead with a safeguarding issue in January 2017 which resulted in a member of staff resigning. Subsequent safeguarding audits and an OfSTED inspection found that 'Kingsmead has a strong culture of keeping pupils safe from harm' and 'It was clear to inspectors that relationships throughout the school are strong. Pupils and adults treat each other with care and respect and this encourages a positive learning environment'.

A successful OfSTED inspection in March 2017 resulted in a judgement of good. The following quotes are from the report:

'The leadership team has maintained the good quality of education in the school since the last inspection. Leaders continue to show a determination to help all pupils to achieve as well as they can. All members of the school are encouraged to aspire to achieve high targets.'

'Leaders have focused on strengthening the quality of teaching and have successfully developed the skills that pupils need to be effective learners.'

A particularly challenging group of Year 11 students took up a lot of staff time this year. However, despite this the overall results for the year were very impressive.

Predictions for GCSEs this year suggested that this was going to be a particularly difficult year for many schools. Kingsmead school has however confounded those predictions achieving a truly excellent set of results which are in fact the second-best set of results in the school's history.

68.5% of students achieved five or more GCSE grades previously described as good (i.e. A\* to C) including English and mathematics with 37% achieving the new government benchmark of achieving five 'strong passes' including English and Maths. 44% of students achieved the English Baccalaureate.

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

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The following statement was made by Headteacher Mark Griffin:

*Once again Kingsmead students have performed extremely well. Most have met or exceeded their targets and can be very proud of themselves. This year in particular, students and teachers faced many challenges including huge changes to syllabuses, exam structures, grade boundaries and accountability measures. Kingsmead teachers and support staff have worked incredibly hard to ensure that their students have not suffered from this turbulence.*

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Leaders of Learning and the Senior Leadership Team.

A number of the sports teams were successful in County Championships and individual students are County Champions in a variety of sports

During the year, the Academy's charity fundraising activities raised £5,600.

**Key Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention - the amount of carry forward is restricted to 12%/the restriction has been removed in the year. In period under review, no GAG was carried forward

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016/17 were 827 an increase of 23 over 2015/16. It is anticipated that this number will continue to rise.

The following KPI's were set at the start of the year

	<b>Target</b>	<b>Actual</b>
Student attendance %	94%	93.75%
Exam success	63%	68.5%

**Going Concern**

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

**FINANCIAL REVIEW**

**Financial Review**

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

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

During the year ended 31 August 2017, excluding restricted Fixed Asset funds and pension reserves, the Academy received total income of £4,210,690 and incurred total expenditure of £4,805,987. The excess of expenditure over income for the year was £655,297.

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

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At 31 August 2017 the net book value of fixed assets was £11,380,321 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

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

**Reserves Policy**

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review. Trustees consider reserves should cover 1 month's average expenditure. This figure would be approximately £400,000.

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Our student numbers are rising year on year which leaves us with an issue of lagged funding. In order to maintain the high standard of teaching by maintaining staffing levels, and to continue to provide a curriculum offer which includes practical subjects, a decision has been made to use the Academies reserves to reduce the deficit budget. Accordingly reserves have reduced to £242,311 by 31 August 2017. A recovery plan has been submitted to the ESFA to support a cash flow issue. For further details please see Plans for Future periods below.

As reported last year, Trustees will endeavour to increase the reserves up to the stated level over the next few years.

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

**Investment Policy**

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

**Principal Risks And Uncertainties**

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

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

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

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

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

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

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

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

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

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

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

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

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

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

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**PLANS FOR FUTURE PERIODS**

LAG funding for 45 students, combined with under funding of Somerset schools has resulted in a deficit budget situation. A recovery plan has been submitted to the ESFA and shows that by 2019/20 the school will once again have a balanced budget and will be building up a surplus. Our student number continues to rise year on year and the number on role over the next 5 years could rise to 1050.

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

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The Priority Schools Building Programme has started which will provide a new main block including hall, school kitchen, dining hall, changing rooms and classrooms. The plan is that this new block is opened in September 2019.

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

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Trustees.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

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

**AUDITORS**

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 5 December 2017 and signed on the board's behalf by:

**G Turner  
Chair of Trustees**

## **GOVERNANCE STATEMENT**

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### **SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that Kingsmead 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 of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the 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 Kingsmead Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### **GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
K Davies	6	7
M Griffin, Head Teacher	7	7
S Harrison	6	7
E Heim	6	7
J Jackson, Vice Chair	6	7
S Lawrence	5	7
I Myers	1	2
I Payne	4	7
P Pearson	2	2
P Stevens	4	7
G Turner, Chair of Trustees	7	7
T Wardell	6	7
J Hunt	5	7
S Godwin	1	2
D Tucker	2	2

Mr Myers and Mr Pearson term of office ended in November 2016. Mr D Tucker joined the governing body in May 2017.

### **Governance Review**

The board of Trustees intends to carry out an in depth self-evaluation in the Autumn 2017 term. Trustees started informal conversations this year and identified the skills and expertise of the current board. Further work will be carried out to identify skills required for future trustees, to complement the current board.

Finance & Strategy Development is a sub-committee of the main Board of Trustees. This committee meets at least six times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It is also responsible for setting the strategic direction of the school through the SEF and strategic development plans. It reviews the plans and reports back to full governors. Attendance at meetings in the year was as follows:

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Jackson	3	5
E Heim	5	5
M Griffin, Head Teacher	5	5

**KINGSMEAD ACADEMY  
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**GOVERNANCE STATEMENT (continued)**

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G Turner, Chair of Trustees	5	5
T Wardell	4	5
S Harrison	4	5
S Lawrence	5	5
Dave Tucker	1	1
Liz Pow (Clerk)	5	5

The Curriculum, Teaching and Learning and School Performance Committee - this meets at least six times a year to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment and examinations.

Site and Buildings Committee – this meets at least six times a year to develop and maintain buildings, grounds, furniture, fixtures and equipment.

Personnel and Staff Development Committee – this meets at least six times a year and is responsible for monitoring, evaluating and reviewing all recruitment procedures and for determining a pay policy for all staff within the approved budget and ensure arrangements are in place for effective performance.

Personal Development, Behaviour & Welfare – this meets at least six times a year to establish, monitor and evaluate the pastoral systems to ensure they aid teaching and learning. Senior students attend for part of this meeting.

**REVIEW OF VALUE FOR MONEY**

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

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

- Robust financial governance and budget management. Three year budget plans are produced and scrutinised by Finance governors to ensure informed decision making.
- Value for money purchasing. Quotes are obtained for higher cost goods and services. Staff research the best value for goods and services. Governors acknowledge that it is not necessarily the cheapest quote that offers the best value for money. School credit cards are used to enable goods to be purchased from on line suppliers. Robust procedures are in place to ensure security of these transactions.
- Using comparative data from the DfE's Benchmarking website. Graphs are looked at in detail and the information used to aid budget preparation and to compare the annual expenditure with schools of a similar size and location.

**GOVERNANCE STATEMENT (continued)**

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**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

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

**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

The Academy'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 Financial and Strategic Development Sub Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed I Payne, a Trustee, to carry out internal checks.

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

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

On an annual basis, the reviewer reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.



**GOVERNANCE STATEMENT (continued)**

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**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 auditors;
- the work of the Business Manager and Finance Officer within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Board of Trustees on 5 December 2017 and signed on their behalf, by:

**G Turner**  
**Chair of Trustees**

**M Griffin**  
**Accounting Officer**

**KINGSMEAD ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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

**M Griffin  
Accounting Officer**

Date: 5 December 2017

**KINGSMEAD ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

**G Turner  
Chair of Trustees**

**Date: 5 December 2017**

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

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**OPINION**

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

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

In our opinion the financial statements:

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

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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

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

We have nothing to report in this regard.

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

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

- the information given in the Trustees' report (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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

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

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**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

Tim Borton FCA DChA (Senior Statutory Auditor)  
for and on behalf of  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS  
13 December 2017

**KINGSMEAD ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO KINGSMEAD  
ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 16 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kingsmead Academy during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF KINGSMEAD ACADEMY'S ACCOUNTING OFFICER AND THE  
REPORTING AUDITORS**

The Accounting Officer is responsible, under the requirements of Kingsmead Academy's funding agreement with the Secretary of State for Education dated 1 April 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

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

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

**KINGSMEAD ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO KINGSMEAD  
ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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**CONCLUSION**

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

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

13 December 2017



**KINGSMEAD ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	1,670	38,814	17,804	58,288	55,421
Charitable activities	3	105,745	4,025,639	-	4,131,384	4,054,910
Other trading activities	4	20,623	-	-	20,623	30,882
Investments	5	395	-	-	395	807
<b>TOTAL INCOME</b>		<b>128,433</b>	<b>4,064,453</b>	<b>17,804</b>	<b>4,210,690</b>	<b>4,142,020</b>
<b>EXPENDITURE ON:</b>						
Raising funds		24,968	-	-	24,968	26,096
Charitable activities		254,947	4,313,372	272,700	4,841,019	4,787,441
<b>TOTAL EXPENDITURE</b>	6	<b>279,915</b>	<b>4,313,372</b>	<b>272,700</b>	<b>4,865,987</b>	<b>4,813,537</b>
<b>NET EXPENDITURE BEFORE TRANSFERS</b>						
Transfers between Funds	18	(151,482)	(248,919)	(254,896)	(655,297)	(671,517)
		-	(81)	81	-	-
<b>NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(151,482)	(249,000)	(254,815)	(655,297)	(671,517)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	717,000	-	717,000	(1,237,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(151,482)</b>	<b>468,000</b>	<b>(254,815)</b>	<b>61,703</b>	<b>(1,908,517)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		479,984	(3,478,000)	11,548,945	8,550,929	10,459,446
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>328,502</b>	<b>(3,010,000)</b>	<b>11,294,130</b>	<b>8,612,632</b>	<b>8,550,929</b>

The notes on pages 26 to 47 form part of these financial statements.

**KINGSMEAD ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07547023**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>11,380,321</b>		11,641,468
<b>CURRENT ASSETS</b>					
Debtors	14	<b>139,109</b>		107,207	
Cash at bank and in hand		<b>309,204</b>		596,450	
		<b>448,313</b>		703,657	
<b>CREDITORS:</b> amounts falling due within one year	15	<b>(203,066)</b>		(307,388)	
<b>NET CURRENT ASSETS</b>			<b>245,247</b>		396,269
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>11,625,568</b>		12,037,737
<b>CREDITORS:</b> amounts falling due after more than one year	16		<b>(2,936)</b>		(8,808)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<b>11,622,632</b>		12,028,929
Defined benefit pension scheme liability	22		<b>(3,010,000)</b>		(3,478,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>8,612,632</b>		8,550,929
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted fixed asset funds		<b>11,294,130</b>		11,548,945	
Pension reserve		<b>(3,010,000)</b>		(3,478,000)	
Total restricted income funds			<b>8,284,130</b>		8,070,945
Unrestricted income funds	18		<b>328,502</b>		479,984
<b>TOTAL FUNDS</b>			<b>8,612,632</b>		8,550,929

The financial statements on pages 23 to 47 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:

**G Turner**  
**Chair of Trustees**

The notes on pages 26 to 47 form part of these financial statements.

**KINGSMEAD ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	20	<u>(281,689)</u>	<u>760,004</u>
<b>Cash flows from investing activities:</b>			
Interest received		395	807
Purchase of tangible fixed assets		(17,884)	(841,588)
Capital grants from DfE/ESFA		<u>17,804</u>	<u>17,483</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>315</u>	<u>(823,298)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		<u>(5,872)</u>	<u>(5,872)</u>
<b>Net cash used in financing activities</b>		<u>(5,872)</u>	<u>(5,872)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(287,246)</b>	<b>(69,166)</b>
Cash and cash equivalents brought forward		<u>596,450</u>	<u>665,616</u>
<b>Cash and cash equivalents carried forward</b>	21	<u><u>309,204</u></u>	<u><u>596,450</u></u>

The notes on pages 26 to 47 form part of these financial statements.

## **1. ACCOUNTING POLICIES**

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

### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

Kingsmead Academy constitutes a public benefit entity as defined by FRS 102.

### **1.2 GOING CONCERN**

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

### **1.3 FUND ACCOUNTING**

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

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

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

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 INCOME**

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

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted 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 provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

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

**1.5 EXPENDITURE**

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

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

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

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

Long term leasehold land and buildings	-	2% Straight line/Term of the lease
Motor vehicles	-	25% Straight line
Fixtures and fittings	-	20% Straight line
Computer equipment	-	33% Straight line

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

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

**1.7 LIABILITIES AND PROVISIONS**

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

**1.8 TAXATION**

The Academy 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 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.

**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.9 DEBTORS**

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

**1.10 CASH AT BANK AND IN HAND**

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

**1.11 FINANCIAL INSTRUMENTS**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.12 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 net income/expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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



**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

**1.14 OPERATING LEASES**

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

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

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Restricted fixed asset funds 2017 £</b>	<b>Total funds 2017 £</b>	<b>Total funds 2016 £</b>
Donations	1,670	38,814	-	40,484	37,938
Capital Grants	-	-	17,804	17,804	17,483
	<u>1,670</u>	<u>38,814</u>	<u>17,804</u>	<u>58,288</u>	<u>55,421</u>
<i>Total 2016</i>	<u>1,252</u>	<u>36,686</u>	<u>17,483</u>	<u>55,421</u>	

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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	3,681,527	3,681,527	3,641,170
Other DfE/ESFA grants	-	166,880	166,880	139,486
	<u>-</u>	<u>3,848,407</u>	<u>3,848,407</u>	<u>3,780,656</u>
<b>Other Government grants</b>				
Other government grants non capital	-	95,016	95,016	111,086
High Needs	-	82,216	82,216	68,454
	<u>-</u>	<u>177,232</u>	<u>177,232</u>	<u>179,540</u>
<b>Other funding</b>				
Internal catering income	61,474	-	61,474	11,500
Income for hosting trainee teachers	2,150	-	2,150	3,314
Other	17,959	-	17,959	20,000
School and travel fund income	24,162	-	24,162	59,900
	<u>105,745</u>	<u>-</u>	<u>105,745</u>	<u>94,714</u>
	<u>105,745</u>	<u>4,025,639</u>	<u>4,131,384</u>	<u>4,054,910</u>
<i>Total 2016</i>	<u>94,714</u>	<u>3,960,196</u>	<u>4,054,910</u>	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	7,805	-	7,805	8,422
Copy Shop	12,818	-	12,818	18,960
Consultancy	-	-	-	3,500
	<u>20,623</u>	<u>-</u>	<u>20,623</u>	<u>30,882</u>
<i>Total 2016</i>	<u>30,882</u>	<u>-</u>	<u>30,882</u>	

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**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income - local cash	395	-	395	807
<i>Total 2016</i>	807	-	807	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	24,968	24,968	26,096
Activities:					
Direct costs	3,051,997	251,128	524,918	3,828,043	3,738,940
Support costs	658,062	150,414	204,500	1,012,976	1,048,501
	<u>3,710,059</u>	<u>401,542</u>	<u>754,386</u>	<u>4,865,987</u>	<u>4,813,537</u>
<i>Total 2016</i>	<u>3,594,854</u>	<u>540,690</u>	<u>677,993</u>	<u>4,813,537</u>	

**7. DIRECT COSTS**

	Total 2017 £	Total 2016 £
Pension income	77,000	82,000
Educational supplies	124,771	134,006
Examination fees	64,188	68,887
Staff development	12,850	6,818
Other costs	74,109	132,265
Supply teachers	30,201	60,445
Wages and salaries	2,388,982	2,303,016
National insurance	244,918	198,967
Pension cost	559,896	448,999
Depreciation	251,128	303,537
	<u>3,828,043</u>	<u>3,738,940</u>
<i>Total 2016</i>	<u>3,738,940</u>	

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**8. SUPPORT COSTS**

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Other costs	6,535	4,405
Recruitment and support	10,233	15,186
Maintenance of premises and equipment	28,837	114,602
Cleaning	25,581	21,621
Rent and rates	34,800	30,941
Energy costs	33,293	36,263
Insurance	17,932	25,240
Security and transport	9,557	10,991
Catering	49,712	24,069
Technology costs	47,251	67,797
Office overheads	23,175	32,913
Legal and professional	11,397	15,582
Bank interest and charges	1,811	744
Irrecoverable VAT	-	4,417
Governance	26,897	26,577
Wages and salaries	531,749	480,240
National insurance	34,537	26,983
Pension cost	91,776	76,204
Depreciation	27,903	33,726
	<u>1,012,976</u>	<u>1,048,501</u>
<i>Total 2016</i>	<u>1,048,501</u>	

**9. NET INCOME/(EXPENDITURE) FOR THE PERIOD**

This is stated after charging:

	<b>2017 £</b>	<b>2016 £</b>
Depreciation of tangible fixed assets:		
- owned by the charity	279,031	337,263
Auditors' remuneration - audit	7,400	7,400
Auditors' remuneration - other services	2,325	2,275
Operating lease rentals	43,378	21,530
	<u>279,031</u>	<u>337,263</u>

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**10. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,920,731	2,783,256
Social security costs	279,455	225,950
Operating costs of defined benefit pension schemes	651,672	525,203
	<u>3,851,858</u>	<u>3,534,409</u>
Supply teacher costs	30,201	60,445
	<u><u>3,882,059</u></u>	<u><u>3,594,854</u></u>

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

	2017 No.	2016 No.
Teachers	46	45
Administration and support	66	49
Senior leadership team	6	6
	<u>118</u>	<u>100</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	43	45
Administration and support	50	43
Senior leadership team	6	6
	<u>99</u>	<u>94</u>

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	1	1

**Key Management Personnel**

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior 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 was £482,439 (2016: £474,530).

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

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**11. TRUSTEES' REMUNERATION AND EXPENSES**

During the year ended 31 August 2017, expenses totalling £814 (2016: £nil) were reimbursed to 2 Trustees (2016: 5).

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 in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: M Griffin: Remuneration £90,000 - £95,000 (2016: £90,000 - £95,000), Employer's pension contribution £15,000 - £20,000 (2016: £15,000 - £20,000); K Davies: Remuneration £45,000 - £50,000 (2016: £45,000 - £50,000), Employer's pension contributions £5,000 - £10,000, (2016: £5,000 - £10,000).

Other related party transactions involving the Trustees are set out in note 25.

**12. TRUSTEES' AND OFFICERS' INSURANCE**

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

**13. TANGIBLE FIXED ASSETS**

	Long term leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>					
At 1 September 2016	12,725,055	14,827	233,200	223,769	13,196,851
Additions	6,993	4,800	-	6,091	17,884
At 31 August 2017	<u>12,732,048</u>	<u>19,627</u>	<u>233,200</u>	<u>229,860</u>	<u>13,214,735</u>
<b>DEPRECIATION</b>					
At 1 September 2016	1,171,671	14,827	165,768	203,117	1,555,383
Charge for the year	237,305	1,200	26,449	14,077	279,031
At 31 August 2017	<u>1,408,976</u>	<u>16,027</u>	<u>192,217</u>	<u>217,194</u>	<u>1,834,414</u>
<b>NET BOOK VALUE</b>					
At 31 August 2017	<u>11,323,072</u>	<u>3,600</u>	<u>40,983</u>	<u>12,666</u>	<u>11,380,321</u>
At 31 August 2016	<u>11,553,384</u>	<u>-</u>	<u>67,432</u>	<u>20,652</u>	<u>11,641,468</u>

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

	2017 £	2016 £
Trade debtors	15,399	9,481
VAT recoverable	26,731	36,430
Other debtors	4,013	3,890
Prepayments and accrued income	92,966	57,406
	<u>139,109</u>	<u>107,207</u>

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

	2017 £	2016 £
ESFA loans	5,872	5,872
Trade creditors	31,955	47,563
Other taxation and social security	73,123	71,125
Other creditors	62,061	57,653
Accruals and deferred income	30,055	125,175
	<u>203,066</u>	<u>307,388</u>

	2017 £	2016 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2016	19,523	3,012
Resources deferred during the year	16,819	19,523
Amounts released from previous years	(19,523)	(3,012)
Deferred income at 31 August 2017	<u>16,819</u>	<u>19,523</u>

At the balance sheet date the academy was holding funds received in advance for 2017/18 school trips, locker keys and music tuition.

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

	2017 £	2016 £
ESFA loans	<u>2,936</u>	<u>8,808</u>

Included within the above are amounts falling due as follows:

	2017 £	2016 £
<b>BETWEEN ONE AND TWO YEARS</b>		
ESFA loans	<u>2,936</u>	<u>5,872</u>
<b>BETWEEN TWO AND FIVE YEARS</b>		
ESFA loans	<u>-</u>	<u>2,936</u>

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

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**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

Included within ESFA loans is a Condition Improvement Fund (CIF) loan of £8,808 repayable in instalments over two years. No interest is charged on this loan.

**17. FINANCIAL INSTRUMENTS**

	<b>2017</b>	2016
	<b>£</b>	£
Financial assets measured at amortised cost	<b>65,716</b>	41,495
Financial liabilities measured at amortised cost	<b>107,252</b>	210,868

Financial assets measured at amortised cost comprise trade debtors and accrued income within one year.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals due within one year.



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**18. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>UNRESTRICTED FUNDS</b>						
General funds	387,462	128,433	(273,584)	-	-	242,311
Unrestricted fixed assets	92,522	-	(6,331)	-	-	86,191
	<u>479,984</u>	<u>128,433</u>	<u>(279,915)</u>	<u>-</u>	<u>-</u>	<u>328,502</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	-	3,681,527	(3,681,446)	(81)	-	-
Other government grants	-	95,016	(95,016)	-	-	-
Free school meals	-	25,991	(25,991)	-	-	-
Pupil Premium	-	140,889	(140,889)	-	-	-
High Needs	-	82,216	(82,216)	-	-	-
External visits	-	38,814	(38,814)	-	-	-
Pension reserve	(3,478,000)	-	(249,000)	-	717,000	(3,010,000)
	<u>(3,478,000)</u>	<u>4,064,453</u>	<u>(4,313,372)</u>	<u>(81)</u>	<u>717,000</u>	<u>(3,010,000)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	8,716,160	-	(177,103)	-	-	8,539,057
Fixed assets purchased from GAG	278,868	-	(13,316)	81	-	265,633
Academy Capital Maintenance Grant	1,738,359	-	(48,300)	-	-	1,690,059
Devolved Capital grant	28,356	17,804	(16,883)	-	-	29,277
Local authority - classroom build	783,902	-	(15,998)	-	-	767,904
PTA donation	3,300	-	(1,100)	-	-	2,200
	<u>11,548,945</u>	<u>17,804</u>	<u>(272,700)</u>	<u>81</u>	<u>-</u>	<u>11,294,130</u>
Total restricted funds	<u>8,070,945</u>	<u>4,082,257</u>	<u>(4,586,072)</u>	<u>-</u>	<u>717,000</u>	<u>8,284,130</u>
Total of funds	<u><u>8,550,929</u></u>	<u><u>4,210,690</u></u>	<u><u>(4,865,987)</u></u>	<u><u>-</u></u>	<u><u>717,000</u></u>	<u><u>8,612,632</u></u>

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

**STATEMENT OF FUNDS - PRIOR YEAR**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>DESIGNATED FUNDS</b>						
Designated funds	100,000	-	-	(100,000)	-	-
	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
<b>GENERAL FUNDS</b>						
General funds	413,783	127,655	(153,976)	-	-	387,462
Unrestricted fixed assets	-	-	(7,478)	100,000	-	92,522
	<u>413,783</u>	<u>127,655</u>	<u>(161,454)</u>	<u>100,000</u>	<u>-</u>	<u>479,984</u>
Total Unrestricted funds	<u>513,783</u>	<u>127,655</u>	<u>(161,454)</u>	<u>-</u>	<u>-</u>	<u>479,984</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	168,517	3,650,670	(3,817,086)	(2,101)	-	-
Other government grants	-	111,086	(111,086)	-	-	-
Pupil Premium	-	129,986	(129,986)	-	-	-
High Needs	-	68,454	(68,454)	-	-	-
External visits	-	36,686	(36,686)	-	-	-
	<u>(2,082,000)</u>	<u>-</u>	<u>(159,000)</u>	<u>-</u>	<u>(1,237,000)</u>	<u>(3,478,000)</u>
	<u>(1,913,483)</u>	<u>3,996,882</u>	<u>(4,322,298)</u>	<u>(2,101)</u>	<u>(1,237,000)</u>	<u>(3,478,000)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	8,950,638	-	(234,478)	-	-	8,716,160
Fixed assets purchased from GAG	286,049	-	(9,282)	2,101	-	278,868
Academy Capital Maintenance Grant	1,766,854	-	(28,495)	-	-	1,738,359
Devolved Capital grant Local authority -	51,305	17,483	(40,432)	-	-	28,356
classroom build	799,900	-	(15,998)	-	-	783,902
PTA donation	4,400	-	(1,100)	-	-	3,300
	<u>11,859,146</u>	<u>17,483</u>	<u>(329,785)</u>	<u>2,101</u>	<u>-</u>	<u>11,548,945</u>
Total restricted funds	<u>9,945,663</u>	<u>4,014,365</u>	<u>(4,652,083)</u>	<u>-</u>	<u>(1,237,000)</u>	<u>8,070,945</u>
Total of funds	<u>10,459,446</u>	<u>4,142,020</u>	<u>(4,813,537)</u>	<u>-</u>	<u>(1,237,000)</u>	<u>8,550,929</u>

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

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

**Unrestricted funds**

Unrestricted fixed asset fund - this represents the net book value of fixed assets purchased with unrestricted funds.

**Restricted funds**

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

Other Government Grants - Funding received by the Local Authority to fund further support for students with additional needs, this includes funding for the Parent and Family Support Advisor.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the academy to address the current inequalities between those children and their wealthier peers.

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

Pension Reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

External visits - Funds raised for student trips.

**Fixed Asset Restricted Funds**

Fixed assets transferred on conversion – This represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - This represents the NBV of assets bought under GAG.

Academy Maintenance Capital grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Devolved formula capital - This represents funding from the ESFA to cover the maintenance and purchase of the schools assets.

Local authority - classroom build - This represents specific funding from the Local Authority for the construction of new classrooms.

PTA Donation - This represents the NBV of assets purchased using a fixed asset donation from the PTA.

**OTHER INFORMATION**

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

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	86,191	-	11,294,130	11,380,321
Current assets	242,311	206,002	-	448,313
Creditors due within one year	-	(203,066)	-	(203,066)
Creditors due in more than one year	-	(2,936)	-	(2,936)
Pension scheme liability	-	(3,010,000)	-	(3,010,000)
	<u>328,502</u>	<u>(3,010,000)</u>	<u>11,294,130</u>	<u>8,612,632</u>

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	92,523	-	11,548,945	11,641,468
Current assets	387,461	316,196	-	703,657
Creditors due within one year	-	(307,388)	-	(307,388)
Creditors due in more than one year	-	(8,808)	-	(8,808)
Provisions for liabilities and charges	-	(3,478,000)	-	(3,478,000)
	<u>479,984</u>	<u>(3,478,000)</u>	<u>11,548,945</u>	<u>8,550,929</u>

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(655,297)	(671,517)
<b>Adjustment for:</b>		
Depreciation charges	279,031	337,263
Interest receivable	(395)	(807)
(Increase)/decrease in debtors	(31,902)	807,859
(Decrease)/increase in creditors	(104,322)	145,689
Capital grants from DfE and other capital income	(17,804)	(17,483)
Defined benefit pension scheme cost less contributions payable	172,000	77,000
Defined benefit pension scheme finance cost	77,000	82,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(281,689)</u>	<u>760,004</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2017</b>	2016
	£	£
Cash at bank and in hand	<b>309,204</b>	596,450
	<b>309,204</b>	596,450

**22. PENSION COMMITMENTS**

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

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

Contributions amounting to £61,957 were payable to the schemes at 31 August 2017 (2016: 57,549) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September

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**22. PENSION COMMITMENTS (continued)**

2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £323,644 (2016: £320,341).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £196,000 (2016: £170,000), of which employer's contributions totalled £149,000 (2016: £128,000) and employees' contributions totalled £47,000 (2016: £42,000). The agreed contribution rates for future years are 20.9% for employers and 5.5 - 8.5% for employees.

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

Principal actuarial assumptions:

	<b>2017</b>	2016
Discount rate for scheme liabilities	<b>2.60 %</b>	2.20 %
Rate of increase in salaries	<b>4.20 %</b>	4.10 %
Rate of increase for pensions in payment / inflation	<b>2.70 %</b>	2.30 %
Inflation assumption (CPI)	<b>2.70 %</b>	2.30 %

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

	<b>2017</b>	2016
Retiring today		
Males	<b>23.9</b>	23.8
Females	<b>25.1</b>	26.2
Retiring in 20 years		
Males	<b>26.2</b>	26.1
Females	<b>27.4</b>	28.5

<b>Sensitivity analysis</b>	<b>At 31 August 2017</b>	At 31 August 2016
	£	£
Discount rate +0.1%	<b>110,000</b>	115,000
Discount rate -0.1%	<b>(112,000)</b>	(118,000)
Mortality assumption - 1 year increase	<b>(178,000)</b>	(138,000)
Mortality assumption - 1 year decrease	<b>172,000</b>	135,000
CPI rate +0.1%	<b>(92,000)</b>	(96,000)
CPI rate -0.1%	<b>218,000</b>	94,000

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**22. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2017 £</b>	Fair value at 31 August 2016 £
Equities and gilts	<b>1,757,000</b>	1,269,000
Debt instruments	<b>228,000</b>	189,000
Property	<b>206,000</b>	170,000
Cash	<b>100,000</b>	47,000
	<hr/>	<hr/>
Total market value of assets	<b>2,291,000</b>	1,675,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £232,000 (2016: £230,000).

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

	<b>2017 £</b>	2016 £
Current service cost	<b>(321,000)</b>	(205,000)
Interest income	<b>37,000</b>	54,000
Interest cost	<b>(114,000)</b>	(136,000)
	<hr/>	<hr/>
Total	<b>(398,000)</b>	(287,000)
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Movements in the present value of the defined benefit obligation were as follows:

	<b>2017 £</b>	2016 £
Opening defined benefit obligation	<b>5,153,000</b>	3,404,000
Current service cost	<b>321,000</b>	205,000
Interest cost	<b>114,000</b>	136,000
Employee contributions	<b>47,000</b>	42,000
Actuarial (gains)/losses	<b>(312,000)</b>	1,412,000
Benefits paid	<b>(22,000)</b>	(46,000)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>5,301,000</b>	5,153,000
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**22. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening fair value of scheme assets	1,675,000	1,322,000
Interest income	39,000	55,000
Actuarial losses	405,000	175,000
Employer contributions	149,000	128,000
Employee contributions	47,000	42,000
Benefits paid	(22,000)	(46,000)
Administrative expenses	(2,000)	(1,000)
	<u>2,291,000</u>	<u>1,675,000</u>
Closing fair value of scheme assets	<u>2,291,000</u>	<u>1,675,000</u>

**23. OPERATING LEASE COMMITMENTS**

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

	2017 £	2016 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	40,104	23,759
Between 1 and 5 years	17,573	32,223
Total	<u>57,677</u>	<u>55,982</u>

**24. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee 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.

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 12.

**25. MEMBERS' LIABILITY**

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



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**26. GENERAL INFORMATION**

Kingsmead Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Hartswell, Wiveliscombe, Somerset, TA4 2NE.