

KINGSMEAD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

REFERENCE AND ADMINISTRATIVE DETAILS

Members	J Jackson S Harrison
Trustees	E Heim ^{1,2,5} S Lawrence ^{1,2,3} S Harrison ^{1,2,6} P Stevens ^{3,5} J Hunt, Vice Chair ^{2,3,4} M Williams (appointed 1 September 2018) ^{1,2,3,4,5,6} D Tucker ^{1,4} N Laphorn ^{2,4} J Jackson, Chair ^{1,3,4,6} D Tilley ⁵ J Jones ^{4,5} P Hopkins (appointed 4 September 2018) M Walker (appointed 23 October 2018) ⁴

- 1 Finance, Strategy and Personnel Committee
- 2 Curriculum Committee
- 3 Site and Buildings Committee
- 4 Achievement, Teaching and Learning
- 5 Personal Development, Behaviour and Welfare
- 6 Pay Committee

Company registered number

07547023

Company name

Kingsmead Academy

Principal and Registered office

Hartswell
Wiveliscombe
Somerset
TA4 2NE

Company secretary

E Pow

Accounting Officer

M Williams

Senior management team

M Williams, Head Teacher (from 1 September 2018)*
L Pow, Business Manager*
C Pierce, Deputy Head Teacher (from 1 September 2019)*
A Dunnett, Deputy Head Teacher*
B Warwick, Assistant Head Teacher
R Porter, Assistant Head Teacher
A Cox, Assistant Head Teacher
B Lewis, Deputy Head Teacher (to 31 August 2019)*

* Key Management Personnel for disclosure purposes

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

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

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 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. 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. It has a pupil capacity of 1,023 and had a roll of 905 in the school census on 17 January 2019.

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.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£ -
Total pay bill	£4,155,564
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy'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, 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. 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 cover up to £500,000 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1st April 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for 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 Trustees.

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

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

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.

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 Local Authority and other bodies.

There are three Trustees' open days each year when Trustees 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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

There are 6 committees as follows;

- Finance, Strategy and Personnel 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 internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
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. 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 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.
- Achievement, Teaching & Learning. This meets at least six times per year to monitor and evaluate the school's procedures for ensuring the quality of teaching and learning and to monitor the achievement of all students.
- Site and Buildings. This meets at least six times a year to develop and maintain buildings, grounds, furniture, fixtures and equipment.
- 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.
- Pay Committee. Meets when required to review the Head Teacher's performance and set targets. On an annual basis, reviews teaching staff Performance Management documents and agrees progression up the pay scales.

The following decisions are reserved to the Board of Trustees: 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 Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the 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, two Deputy Headteachers, four 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 Trustees, The Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Head Teacher 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 comprise 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.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 Association 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 year ended 31 August 2019 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 five 9 -5 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:

- Independent Curriculum review
- To work with the EFSA to ensure that recovery plan is fully implemented and adhered to. Produce a balanced budget for 2020-2021.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

- To move towards becoming an above average school, whilst growing a culture of “Achieving through Caring”
- Ensure new staffing structures are fully embedded throughout the school
- Implementation of new SLT structure for September 2019
- Raise levels of expectation, ambition and accountability
- Set challenging FFT 20 targets for all learning teams
- Ensure that quality assurance procedures lead to improvements in the classroom with new monitoring system
- Develop procedures for effective school self-evaluation (including performance review) leading to aspirational development planning
- For Kingsmead to become a school where student’s personal development and welfare is an explicitly recognised component of their exceptional progress.
- Kingsmead will become a dynamically inclusive school enabling a wide range of students to grow, learn, prosper and achieve in a caring, happy and aspirational environment.
- All members of the school community embrace the culture of inclusivity, support and achievement for all.
- Ensure that student learning is relevant and powerful, including extra-curricular and extension activity.
- Ensure that Kingsmead provides exceptional teaching that is effective and varied for all students to make progress.
- Ensure that the Kingsmead Site & Buildings provide suitable facilities to promote great teaching that is effective for all students to make progress.
- Continue to develop the facilities to meet the needs of 21st century Teaching and Learning

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

Results in 2019 were pleasing. The Year 11 cohort had an EBacc point score of 4.3, above the National average and third best in Somerset. Progress was a small negative figure (-0.05) though notably better than the Somerset average.

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 - £0 was carried forward representing 0% of GAG.

As funding is based on student numbers this is also a key performance indicator. Student numbers for 2018/19 were 879, an increase of 40 over 2017/18. However, in September 2018 our student numbers were 898. This was due to a large Year 7 joining and a smaller Year 11 leaving in July 2018.

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 ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 2019, excluding restricted Fixed Asset funds, the Academy received total income of £4,857,582 (2018: £4,440,365) and incurred total expenditure of £4,912,071 (2018: £4,910,895). The excess of expenditure over income for the year was £54,489 (2018: £470,530).

At 31 August 2019 the net book value of fixed assets was £10,877,197 and movements in tangible fixed assets are shown in note 13 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 24 to the financial statements.

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

Reserves Policy

The Trustees review the reserve levels of the 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.

Our student numbers are rising year on year which leaves us with an issue of lag funding. In order to support 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. A recovery plan has been submitted to the ESFA to support a cash flow issue and an allocation of £130,000 was received in 2018. These funds will have to be paid back to the ESFA on a monthly basis from September 2019. As at the 31 August 2019, free reserves (not including fixed assets or the pension fund) were £10,883 in deficit. Trustees will endeavour to increase the reserves up to the stated level over the next few years.

The Trustees have reviewed the future plans of the Academy and have set designated reserves once levels have returned as follows:

- £10,000 Maintenance contingency to cover mechanical breakdown of the main school boilers or other maintenance issues that would cause the school to shut for a period of time.
- £17,000 has been set aside to provide Equipment and Furniture for the new building. Trustees have agreed to set aside the Devolved Capital Fund from the ESFA over the next 2 financial years. The new building is due to open in September 2021.

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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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:

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. All senior managers on the Leadership Team are Level 3 safeguarding trained.

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 an Internal auditor 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 regularly review cash flow forecasts and 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.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 24 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

FUNDRAISING

The majority of fundraising for the Academy is carried out by the Parent Teacher Association. Events such as raffles, music and social events, selling second hand uniform and tea and coffee at school events all contribute towards raising funds. The funds are then donated to the school to purchase equipment and furniture for the benefit of the students.

Fundraising events are advertised through posters, newsletters and the school website. No direct targeting of individuals is used to raise funds.

Kingsmead Academy has a Zambian Exchange programme which runs over 2 years. 12 of our students and their families raise funds for our students to visit Zambia and 12 Zambian students to visit the UK. The programme is run through the Kingsmead Trust for International Education. A registered charity in its own right. Fundraising is carried out in numerous ways and no direct targeting of individuals is used to raise funds.

PLANS FOR FUTURE PERIODS

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. The collaboration between Kingsmead and our feeder primary schools in the Tone Valley Partnership is on-going. It has provided joint training for staff, a joint procurement meeting to ensure best value to all schools, and an opportunity for students to visit their old Primary Schools in order to support a literacy project.

Trustees will continue to monitor and manage the current deficit position and have been working towards a balanced budget and building up reserves. The loan from the ESFA will be repaid in 2019/20. Continued rising student numbers and an increase in education funding will ensure a stable financial position moving forward.

The Priority Schools Building Programme which will provide a new main block including hall, school kitchen, dining hall, changing rooms and classrooms, has been delayed. Completion of the new block is due in September 2021.

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 auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 10 December 2019 and signed on its behalf by:

J Jackson
Chair of Trustees

GOVERNANCE STATEMENT

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 Head Teacher, 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
E Heim	5	7
S Lawrence	4	7
S Harrison	7	7
P Stevens	5	7
J Hunt, Vice Chair	6	7
M Williams	7	7
D Tucker	5	7
N Laphorn	7	7
J Jackson, Chair	6	7
D Tilley	6	7
J Jones	5	7
P Hopkins	7	7
M Walker	6	7

In January 2018 the Board used Annex C of the Academies Handbook to assess their competencies. The Board issued this statement after this exercise *'Governors are satisfied that they understood and complied with the 'musts' in Annex C of the Academies Handbook as they apply to Kingsmead Academy, and that adequate controls, procedures and policies are in place to ensure future compliance'*.

The governing body has 5 sub committees:

- Finance, Strategy and Personnel
- Curriculum Committee
- Site and Buildings Committee
- Achievement, Teaching and Learning Committee
- Personal Development, Behaviour and Welfare

The full board meet 7 times per year. During this meeting, the minutes from the sub committees are reviewed and discussed in detail if required.

The Senior Leadership team (SLT) attend the full board meetings and each member of SLT service a sub-committee. The information provided includes the following:

- data on exam results, including comparisons with Somerset school's data and national statistics
- the curriculum
- assessment, teaching and learning
- attendance and exclusion data

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

- financial reports
- health and safety
- site and buildings

The broad range of experience contained within the board ensures the data is scrutinised and understood and the information shared with the whole board.

Finance, Strategy and Personnel 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 Internal Audit, and drafting the annual budget including setting staffing levels. It monitors all Personnel matters. 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 during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
M Williams	8	8
S Harrison	6	8
E Heim	5	8
J Hunt	8	8
J Jackson	7	8
S Lawrence	7	8
D Tucker	5	8

REVIEW OF VALUE FOR MONEY

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

- Robust financial governance and budget management. 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.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (CONTINUED)

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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint an internal auditor Karen Keal who has experience of internal audit through her previous role as Senior Finance Officer for the Local Authority.

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

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

On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The IA function has been fully delivered in line with the EFA's requirements. No material control issues arising as a result of the IA's work have been identified.

REVIEW OF EFFECTIVENESS

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

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

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

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

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on 10 December 2019 and signed on their behalf by:

J Jackson
Chair of Trustees

M Williams
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

M Williams
Accounting Officer
Date: 10 December 2019

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

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

Company law requires the Trustees to prepare 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 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 10 December 2019 and signed on its behalf by:

J Jackson
Chair of Trustees

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

OPINION

We have audited the financial statements of Kingsmead Academy (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

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. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, 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 or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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.

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

19 December 2019

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGSMEAD ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kingsmead Academy during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 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 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 ACCOUNTANT

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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy'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 ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGSMEAD
ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date: 19 December 2019

KINGSMEAD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants	3	10,174	16,132	61,906	88,212	49,834
Charitable activities	4	350,499	4,359,757	-	4,710,256	4,288,368
Other trading activities	5	120,777	-	-	120,777	119,997
Investments	6	243	-	-	243	240
TOTAL INCOME		481,693	4,375,889	61,906	4,919,488	4,458,439
EXPENDITURE ON:						
Raising funds		23,294	-	-	23,294	22,287
Charitable activities		519,219	4,709,632	256,283	5,485,134	5,159,534
TOTAL EXPENDITURE		542,513	4,709,632	256,283	5,508,428	5,181,821
NET EXPENDITURE		(60,820)	(333,743)	(194,377)	(588,940)	(723,382)
Transfers between funds	18	-	44,743	(44,743)	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		(60,820)	(289,000)	(239,120)	(588,940)	(723,382)
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	24	-	(435,000)	-	(435,000)	573,000
NET MOVEMENT IN FUNDS		(60,820)	(724,000)	(239,120)	(1,023,940)	(150,382)
RECONCILIATION OF FUNDS:						
Total funds brought forward		123,467	(2,704,000)	11,042,783	8,462,250	8,612,632
Net movement in funds		(60,820)	(724,000)	(239,120)	(1,023,940)	(150,382)
TOTAL FUNDS CARRIED FORWARD		62,647	(3,428,000)	10,803,663	7,438,310	8,462,250

The notes on pages 26 to 50 form part of these financial statements.

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

**BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	13	10,877,197	11,122,647
		<u>10,877,197</u>	<u>11,122,647</u>
CURRENT ASSETS			
Debtors	14	143,245	125,192
Cash at bank and in hand		175,228	290,972
		<u>318,473</u>	<u>416,164</u>
Creditors: amounts falling due within one year	15	(329,360)	(242,561)
		<u>(10,887)</u>	<u>173,603</u>
NET CURRENT LIABILITIES / ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		10,866,310	11,296,250
Creditors: amounts falling due after more than one year	16	-	(130,000)
NET ASSETS EXCLUDING PENSION LIABILITY		10,866,310	11,166,250
Defined benefit pension scheme liability	24	(3,428,000)	(2,704,000)
TOTAL NET ASSETS		7,438,310	8,462,250
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	18	10,803,663	11,042,783
Restricted funds excluding pension asset	18	10,803,663	11,042,783
Pension reserve	18	(3,428,000)	(2,704,000)
Total restricted funds	18	7,375,663	8,338,783
Unrestricted income funds	18	62,647	123,467
TOTAL FUNDS		7,438,310	8,462,250

The financial statements on pages 23 to 50 were approved by the Trustees, and authorised for issue on 10 December 2019 and are signed on their behalf, by:

J Jackson
Chair of Trustees

The notes on pages 26 to 50 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	20	(157,709)	(139,785)
CASH FLOWS FROM INVESTING ACTIVITIES	22	44,901	(2,575)
CASH FLOWS FROM FINANCING ACTIVITIES	21	(2,936)	124,128
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(115,744)	(18,232)
Cash and cash equivalents at the beginning of the year		290,972	309,204
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	175,228	290,972

The notes on pages 26 to 50 form part of these financial statements

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

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

Kingsmead Academy meets the definition of a public benefit entity under FRS 102.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate 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.

Over the last few years Trustees have been making informed decisions regarding the financial stability of the Trust. A Recovery Plan was submitted to the ESFA which resulted in a loan of £130,000. The repayment of the loan will be completed in 2019/20. Moving forward the Trust is on track for a balanced budget and an increase in reserves.

A reduction of the Senior Leadership Team was made in 2018/19 as a measure to make savings. All budget areas have been reduced in order to make the necessary savings. With the increase in student numbers and education funding, Trustees are confident of a more stable financial position from September 2020

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

1. ACCOUNTING POLICIES (continued)

1.3 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**

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 year is deducted from income and recognised as a liability.

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

• **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

• **Donations**

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

• **Other income**

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

1.4 EXPENDITURE

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

• **Expenditure on raising funds**

This 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.

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

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE (CONTINUED)

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 TANGIBLE FIXED ASSETS

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

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

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

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

1.6 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.

1.7 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.

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

1. ACCOUNTING POLICIES (continued)

1.8 LIABILITIES

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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.

1.9 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 bases 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 cost 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 instrument.

1.10 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1. ACCOUNTING POLICIES (continued)

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.12 FUND ACCOUNTING

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

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

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

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

1.13 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 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.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	10,174	16,132	26,306	31,760
Capital Grants	-	61,906	61,906	18,074
TOTAL 2019	<u>10,174</u>	<u>78,038</u>	<u>88,212</u>	<u>49,834</u>
TOTAL 2018	<u>6,618</u>	<u>43,216</u>	<u>49,834</u>	

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

4. Funding for the Academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DFE/ESFA GRANTS				
General Annual Grant	-	3,970,142	3,970,142	3,714,266
Other DfE/EFSA grants	-	267,248	267,248	218,142
	-	4,237,390	4,237,390	3,932,408
Other Government grants				
High Needs	-	63,556	63,556	46,097
Other government grants: non capital	-	58,811	58,811	126,249
	-	122,367	122,367	172,346
Other funding				
Internal catering income	186,462	-	186,462	142,971
Other	164,037	-	164,037	40,643
	350,499	-	350,499	183,614
TOTAL 2019	350,499	4,359,757	4,710,256	4,288,368
TOTAL 2018	183,614	4,104,754	4,288,368	

5. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	2,078	2,078	4,530
External catering	97,099	97,099	97,921
Other	21,600	21,600	16,346
Consultancy	-	-	1,200
TOTAL 2019	120,777	120,777	119,997

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

5. INCOME FROM OTHER TRADING ACTIVITIES (CONTINUED)

All prior year amounts relate to unrestricted funds.

6. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	243	243	240

All prior year amounts relate to unrestricted funds.

7. EXPENDITURE

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading activities:	-	-	23,294	23,294	22,287
Activities:					
Direct costs	3,421,812	236,353	528,464	4,186,629	3,917,294
Support costs	791,598	176,662	330,245	1,298,505	1,242,240
TOTAL 2019	4,213,410	413,015	882,003	5,508,428	5,181,821
Total 2018	4,039,467	429,868	712,486	5,181,821	

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

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	4,186,629	1,298,505	5,485,134	5,159,534
TOTAL 2018	<u>3,917,294</u>	<u>1,242,240</u>	<u>5,159,534</u>	

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Pension finance cost	71,000	78,000
Staff costs	3,351,966	3,251,483
Depreciation	236,353	249,530
Educational supplies	141,439	152,269
Examination fees	74,948	60,768
Staff development	13,446	7,650
Other costs	227,555	56,003
Supply teachers	69,846	60,415
(Profit) / Loss on disposal of fixed assets	76	1,176
TOTAL 2019	<u>4,186,629</u>	<u>3,917,294</u>

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

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	791,598	727,569
Depreciation	26,261	27,726
Other costs	7,037	4,976
Recruitment and support	12,941	9,863
Maintenance of premises and equipment	46,145	47,811
Cleaning	25,737	28,070
Rent and rates	37,680	38,240
Energy costs	41,621	38,491
Insurance	18,651	19,678
Security and transport	12,713	11,346
Catering	143,034	128,180
Technology costs	55,535	54,659
Office overheads	23,559	35,523
Legal and professional	22,627	33,763
Bank interest and charges	3,632	3,335
(Profit) / Loss on disposal of fixed assets	8	131
Irrecoverable VAT	1,096	5,965
Governance	28,630	26,914
TOTAL 2019	1,298,505	1,242,240

9. NET EXPENDITURE

Net expenditure for the year includes:

	2019 £	2018 £
Operating lease rentals	29,698	38,646
Depreciation of tangible fixed assets	262,614	277,256
Loss on disposal of fixed assets	76	1,176
Auditors' remuneration for:		
- audit	7,950	7,785
- other services	1,350	1,310

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

10. STAFF COSTS

a. STAFF COSTS

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	3,124,794	3,001,586
Social security costs	273,195	281,512
Pension costs	745,575	695,954
	<u>4,143,564</u>	<u>3,979,052</u>
Agency staff costs	69,846	60,415
	<u>4,213,410</u>	<u>4,039,467</u>

b. STAFF NUMBERS

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

	2019	2018
	No.	No.
Teachers	48	49
Administration and support	66	64
Senior leadership team	8	5
	<u>122</u>	<u>118</u>

The average headcount expressed as full-time equivalents was:

	2019	2018
	No.	No.
Teachers	41	45
Administration and support	52	48
Senior leadership team	8	5
	<u>101</u>	<u>98</u>

c. HIGHER PAID STAFF

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

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

10. STAFF COSTS (CONTINUED)

c. HIGHER PAID STAFF (CONTINUED)

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £90,001 - £100,000	-	1
	<u> </u>	<u> </u>

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust 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 and employer national insurance contributions) received by key management personnel for their services to the Academy was £321,668 (2018: £416,916).

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 11 has not been included in the total benefits received by key management personnel above.

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 August 2019, expenses totalling £403 were reimbursed to 4 Trustees (2018 - £1,235 to 2 Trustees).

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, 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 Williams: Remuneration £70,000 - £75,000 (2018: £Nil), Employer's pension contributions £10,000 - £15,000 (2018: £Nil), P Hopkins: Remuneration £30,000 - £35,000 (2018: £Nil), Employer's pension contributions £5,000 - £10,000 (2018: £Nil). Both the Headteacher and Staff Trustee were appointed during the year ended 31 August 2019.

Other related party transactions involving the Trustees are set out in note 28.

12. TRUSTEES' AND OFFICERS' INSURANCE

The Academy has opted into the Department of 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 membership.

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

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2018	12,732,048	219,123	165,702	19,627	13,136,500
Additions	-	12,000	5,248	-	17,248
Disposals	-	(420)	-	-	(420)
At 31 August 2019	<u>12,732,048</u>	<u>230,703</u>	<u>170,950</u>	<u>19,627</u>	<u>13,153,328</u>
DEPRECIATION					
At 1 September 2018	1,646,281	199,768	150,577	17,227	2,013,853
Charge for the year	237,305	13,828	10,281	1,200	262,614
On disposals	-	(336)	-	-	(336)
At 31 August 2019	<u>1,883,586</u>	<u>213,260</u>	<u>160,858</u>	<u>18,427</u>	<u>2,276,131</u>
NET BOOK VALUE					
At 31 August 2019	<u><u>10,848,462</u></u>	<u><u>17,443</u></u>	<u><u>10,092</u></u>	<u><u>1,200</u></u>	<u><u>10,877,197</u></u>
At 31 August 2018	<u><u>11,085,767</u></u>	<u><u>19,355</u></u>	<u><u>15,125</u></u>	<u><u>2,400</u></u>	<u><u>11,122,647</u></u>

14. DEBTORS

	2019 £	2018 £
Trade debtors	37,617	20,440
VAT recoverable	45,059	20,888
Other debtors	4,125	4,187
Prepayments and accrued income	56,444	79,677
	<u>143,245</u>	<u>125,192</u>

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

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
ESFA loans	130,000	2,936
Trade creditors	29,103	34,456
Other taxation and social security	68,598	78,570
Other creditors	65,182	62,203
Accruals and deferred income	36,477	64,396
	<u>329,360</u>	<u>242,561</u>

	2019 £	2018 £
DEFERRED INCOME		
Deferred income at 1 September 2018	29,118	16,819
Resources deferred during the year	9,592	29,118
Amounts released from previous periods	(29,118)	(16,819)
Deferred Income at 31 August 2019	<u>9,592</u>	<u>29,118</u>

At the balance sheet date the Academy was holding funds received in advance for school trips, locker keys and school meals.

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

	2019 £	2018 £
ESFA loans	<u>-</u>	<u>130,000</u>

The ESFA loan is repayable in instalments over a one year period from September 2019. No interest is charged on this loan.

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

17. FINANCIAL INSTRUMENTS

	2019 £	2018 £
FINANCIAL ASSETS		
Financial assets measured at fair value through income and expenditure	175,228	290,972
Financial assets that are debt instruments measured at amortised cost	67,974	70,162
	<u>243,202</u>	<u>361,134</u>
	2019 £	2018 £
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>(246,636)</u>	<u>(264,873)</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank & in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors & accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, other loans & accruals.

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

18. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS						
General funds	43,606	481,693	(536,182)	-	-	(10,883)
Unrestricted fixed assets	79,861	-	(6,331)	-	-	73,530
	<u>123,467</u>	<u>481,693</u>	<u>(542,513)</u>	<u>-</u>	<u>-</u>	<u>62,647</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	3,994,233	(3,994,233)	-	-	-
Other government grants	-	99,320	(99,320)	-	-	-
Free school meals	-	29,876	(29,876)	-	-	-
Pupil premium	-	172,772	(172,772)	-	-	-
High needs	-	63,556	(63,556)	-	-	-
External visits	-	16,132	(16,132)	-	-	-
Devolved formula capital	-	-	(44,743)	44,743	-	-
Pension reserve	(2,704,000)	-	(289,000)	-	(435,000)	(3,428,000)
	<u>(2,704,000)</u>	<u>4,375,889</u>	<u>(4,709,632)</u>	<u>44,743</u>	<u>(435,000)</u>	<u>(3,428,000)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	8,361,954	-	(177,103)	-	-	8,184,851
Fixed assets purchased from GAG	257,979	-	(7,309)	-	-	250,670
Academy Capital Maintenance Grant	1,641,759	-	(42,505)	-	-	1,599,254
Devolved Capital grant	28,085	61,906	(12,268)	(44,743)	-	32,980
Local authority - classroom build	751,906	-	(15,998)	-	-	735,908
PTA donation	1,100	-	(1,100)	-	-	-
	<u>11,042,783</u>	<u>61,906</u>	<u>(256,283)</u>	<u>(44,743)</u>	<u>-</u>	<u>10,803,663</u>
TOTAL RESTRICTED FUNDS	<u>8,338,783</u>	<u>4,437,795</u>	<u>(4,965,915)</u>	<u>-</u>	<u>(435,000)</u>	<u>7,375,663</u>
TOTAL FUNDS	<u>8,462,250</u>	<u>4,919,488</u>	<u>(5,508,428)</u>	<u>-</u>	<u>(435,000)</u>	<u>7,438,310</u>

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

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

18. STATEMENT OF FUNDS (CONTINUED)

Restricted funds

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy Trust, 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 Trust 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 Trust's share of the assets and liabilities in the Local Government Pension Scheme.

External visits - Funds raised for student trips.

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

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 school 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.

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

Other information

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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18. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General funds	242,311	310,469	(509,174)	-	-	43,606
Unrestricted fixed assets	86,191	-	(6,330)	-	-	79,861
	<u>328,502</u>	<u>310,469</u>	<u>(515,504)</u>	<u>-</u>	<u>-</u>	<u>123,467</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	3,760,728	(3,759,223)	(1,505)	-	-
Other government grants	-	126,249	(126,249)	-	-	-
Free school meals	-	18,087	(18,087)	-	-	-
Pupil premium	-	153,592	(153,592)	-	-	-
High needs	-	46,097	(46,097)	-	-	-
External visits	-	25,143	(25,143)	-	-	-
Pension reserve	(3,010,000)	-	(267,000)	-	573,000	(2,704,000)
	<u>(3,010,000)</u>	<u>4,129,896</u>	<u>(4,395,391)</u>	<u>(1,505)</u>	<u>573,000</u>	<u>(2,704,000)</u>

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18. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	8,539,057	-	(177,103)	-	-	8,361,954
Fixed assets purchased from GAG	265,633	-	(9,159)	1,505	-	257,979
Academy Capital Maintenance Grant	1,690,059	-	(48,300)	-	-	1,641,759
Devolved Capital grant	29,277	18,074	(19,266)	-	-	28,085
Local authority - classroom build	767,904	-	(15,998)	-	-	751,906
PTA donation	2,200	-	(1,100)	-	-	1,100
	<u>11,294,130</u>	<u>18,074</u>	<u>(270,926)</u>	<u>1,505</u>	<u>-</u>	<u>11,042,783</u>
TOTAL RESTRICTED FUNDS	<u>8,284,130</u>	<u>4,147,970</u>	<u>(4,666,317)</u>	<u>-</u>	<u>573,000</u>	<u>8,338,783</u>
TOTAL FUNDS	<u>8,612,632</u>	<u>4,458,439</u>	<u>(5,181,821)</u>	<u>-</u>	<u>573,000</u>	<u>8,462,250</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	73,534	-	10,803,663	10,877,197
Current assets	318,473	-	-	318,473
Creditors due within one year	(329,360)	-	-	(329,360)
Provisions for liabilities and charges	-	(3,428,000)	-	(3,428,000)
TOTAL	<u>62,647</u>	<u>(3,428,000)</u>	<u>10,803,663</u>	<u>7,438,310</u>

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	79,864	-	11,042,783	11,122,647
Current assets	43,603	372,561	-	416,164
Creditors due within one year	-	(242,561)	-	(242,561)
Creditors due in more than one year	-	(130,000)	-	(130,000)
Provisions for liabilities and charges	-	(2,704,000)	-	(2,704,000)
TOTAL	123,467	(2,704,000)	11,042,783	8,462,250

20. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(588,940)	(723,382)
ADJUSTMENTS FOR:		
Depreciation	262,614	277,256
Capital grants from DfE and other capital income	(61,906)	(18,074)
Interest receivable	(243)	(240)
Defined benefit pension scheme cost less contributions payable	218,000	189,000
Defined benefit pension scheme finance cost	71,000	78,000
Decrease/(increase) in debtors	(18,053)	13,917
Increase/(decrease) in creditors	(40,265)	42,431
(Proceeds)/loss on the disposal of fixed assets	84	1,307
NET CASH USED IN OPERATING ACTIVITIES	(157,709)	(139,785)

21. CASH FLOWS FROM FINANCING ACTIVITIES

	2019 £	2018 £
Cash inflows from new borrowing	-	130,000
Repayments of borrowing	(2,936)	(5,872)
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	(2,936)	124,128

**NOTES TO THE FINANCIAL STATEMENTS
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22. CASH FLOWS FROM INVESTING ACTIVITIES

	2019	2018
	£	£
Dividends, interest and rents from investments	243	240
Purchase of tangible fixed assets	(17,248)	(20,889)
Capital grants from DfE Group	61,906	18,074
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	44,901	(2,575)

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash in hand	175,228	290,972
TOTAL CASH AND CASH EQUIVALENTS	175,228	290,972

24. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teachers' 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 schemes.

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

Contributions amounting to £65,078 were payable to the schemes at 31 August 2019 (2018 - £62,099) and are included within creditors.

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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.

24. PENSION COMMITMENTS (CONTINUED)

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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was prepared by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,000 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £328,165 (2018 - £323,644).

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

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

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £251,000 (2018 - £233,000), of which employer's contributions totalled £196,000 (2018 - £182,000) and employees' contributions totalled £ 55,000 (2018 - £51,000). The agreed contribution rates for future years are 20.9% per cent for employers and 5.5 - 12.5% per cent 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.

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

24. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65
Inflation assumption (CPI)	2.20	2.30

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

	2019	2018
	Years	Years
<i>RETIRING TODAY</i>		
Males	22.9	24.0
Females	24.0	25.2
<i>RETIRING IN 20 YEARS</i>		
Males	24.6	26.3
Females	25.8	27.5

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(134)	(110)
Discount rate -0.1%	137	112
Mortality assumption - 1 year increase	228	178
Mortality assumption - 1 year decrease	(221)	(172)
CPI rate +0.1%	119	98
CPI rate -0.1%	(116)	(96)

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

	At 31 August 2019	At 31 August 2018
	£	£
Equities and gilts	2,279,000	1,992,000
Debt instruments	272,000	233,000
Property	241,000	229,000
Cash	176,000	122,000
TOTAL MARKET VALUE OF ASSETS	2,968,000	2,576,000

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

24. PENSION COMMITMENTS (CONTINUED)

The actual return on scheme assets was £194,000 (2018 - £232,000).

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

	2019 £	2018 £
Current service cost	(358,000)	(371,000)
Past service cost	(56,000)	-
Interest income	69,000	60,000
Interest cost	(140,000)	(138,000)
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	(485,000)	(449,000)

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

	2019 £	2018 £
Opening defined benefit obligation	5,280,000	5,301,000
Current service cost	358,000	371,000
Interest cost	140,000	138,000
Employee contributions	55,000	51,000
Actuarial losses/(gains)	558,000	(534,000)
Benefits paid	(51,000)	(47,000)
Past service costs, including curtailments	56,000	-
Closing defined benefit obligation	6,396,000	5,280,000

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2019 £	2018 £
Opening fair value of scheme assets	2,576,000	2,291,000
Interest income	71,000	62,000
Actuarial losses/gains	123,000	39,000
Employer contributions	196,000	182,000
Employee contributions	55,000	51,000
Benefits paid	(51,000)	(47,000)
Administrative expenses	(2,000)	(2,000)
Closing fair value of scheme assets	2,968,000	2,576,000

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

25. OPERATING LEASE COMMITMENTS

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Within 1 year	16,959	33,638
Between 1 and 5 years	22,972	7,481
	39,931	41,119

26. MEMBERS' LIABILITY

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

27. GENERAL INFORMATION

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

28. 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'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 11.