

Kenton Schools Academy Trust

(A company limited by guarantee)

Annual report

31 August 2020

Kenton Schools Academy Trust

(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 17
Statement on regularity, propriety and compliance	18
Statement of trustees' responsibilities	19
Independent auditor's report on the financial statements	20 - 22
Independent reporting accountant's report on regularity	23 - 24
Statement of financial activities incorporating income and expenditure account	25
Balance sheet	26
Statement of cash flows	27
Notes to the financial statements	28 - 53

Kenton Schools Academy Trust

(A company limited by guarantee)

Reference and administrative details

Members

J McHanwell
D Pearmain
R Steele

Trustees

I Lane, CEO & Accounting Officer (appointed 1 November 2019)
R Steele, Chair of Board of Trustees
T Quincey, Vice Chair of Board of Trustees and Chair of Standards Committee
C Hart, Chair of Finance and General Purposes Committee
M Surtees
A Malcolm
N Nichol
M Sorour (appointed 6 September 2019)
K McDermid, outgoing CEO & Accounting Officer (resigned 31 October 2019)
A Kelly (resigned 16 March 2020)

Company registered number

07964133

Company name

Kenton Schools Academy Trust

Principal and registered office

Drayton Road
Newcastle upon Tyne
Tyne and Wear
NE3 3RU

Company secretary

T Carson

Chief executive officer

I Lane

Kenton Schools Academy Trust

(A company limited by guarantee)

Reference and administrative details (continued) **Year ended 31 August 2020**

Executive Team and Headship Team

I Lane, CEO
S Holmes-Carne, Principal, Kenton School
V Wigham, Principal, Studio West
T Carson, Senior Business Governance Support Officer
J Jackowiak, Trust HR Manager
V Robinson, Director of Finance
S Huntley, Vice Principal, Studio West
A Clark, Vice Principal, Kenton School (resigned 31 August 2020)
R Devlin, Vice Principal, Kenton School
N Stoddart, Vice Principal, Kenton School

Independent auditor

UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers

NatWest Bank plc
16 Northumberland Street
Newcastle upon Tyne
NE1 7EL

Barclays Bank plc
59 High Street
Gosforth
Newcastle upon Tyne
NE3 4AA

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Internal auditor

MHA Tait Walker LLP
Bulman House
Regent Centre
Henry Street
Newcastle upon Tyne
NE3 3LS

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report

Year ended 31 August 2020

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Kenton Schools Academy Trust (KSAT) operates two academies in Newcastle upon Tyne. Kenton School is an academy with a pupil capacity of 2,000 and had a roll of 1,827 in the school census of October 2020. Studio West is a studio school with a pupil capacity of 550 and had a roll of 415 in the school census of October 2020.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Kenton Schools Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Kenton Schools Academy Trust.

Details of the trustees who served during the year and to the date these accounts are approved are included in the 'Reference and Administrative Details' on page 1.

Members' liability

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

Trustees' indemnities

The Trust has purchased insurance to protect trustees from claims arising against negligent acts, errors, or omissions occurring while on academy business.

Method of recruitment and appointment or election of trustees

Trustees are recruited according to an identified need within the trust body. Appointment is by vote of the existing trustees. The term of office for any trustee shall be four years, save that this time limit shall not apply to the Chief Executive or any post held ex officio. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

The trustees or members appoint co-opted trustees. Associate committee members may be appointed by the trustees to bring additional expertise and experience to the Trust. The Chief Executive Officer (CEO) is an ex officio trustee.

Each Academy has a Local Governing Body, which reports to the board of trustees. The arrangements for the election of parent and staff Local Board Governors are delegated to the Principals.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees depends on their existing experience. Where necessary, induction and training are provided on charity, educational, legal and financial matters. 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. The Trust offers all trustees a programme of training each year.

Organisational structure

During the 2019/20 year the Multi-Academy Trust operated a unified governance structure. The structure

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 August 2020

consists of three levels: the Members, the Board of trustees, including the Chief Executive, and four sub-committees of the Board of trustees, namely the Finance and General Purposes Sub-Committee, the Standards Committee and two local governing bodies, which include the Principals.

Below this governance level, the management structure of the two academies differs slightly: Kenton School has three further levels: the Headship Team, the Senior Leadership Team and the Middle Leadership Team; Studio West has a flatter structure of senior and middle leaders below the Headship Team, which is evolving as the school grows. The aim of the management structure is to devolve and clarify roles, responsibility and lines of accountability, enabling effective decision making and engagement at all levels of operation.

The trustees are responsible for setting general policy, including financial and human resources policy, as well as analysing and mitigating risk. The Local Governing Bodies adopt annual improvement and curriculum plans and monitor and challenge the academies' performance.

The Chief Executive is the Chief Accounting Officer and is accountable for finance and human resources; he reports to the Trust, via the Standards Committee, on the performance of both academies, including the performance of the Principals, and supports and holds them to account for their work.

The Headship Teams consist of the Principals and Vice Principals. The Principal, with their Headship Teams are responsible for leading and managing their academies, implementing the policies laid down by the Trust in accordance with the Scheme of Delegation.

As a group, the Headship Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts, through appointment boards, advised by the Trust's HR Manager. Some spending control is devolved to designated leaders in both schools, with limits above which a member of the Headship Team must countersign.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the trustees, the Chief Executive Officer, the Principals and the headship teams of both academies, as listed on pages 1 and 2.

The remuneration of the CEO in 2019/20 was set at a fixed cost, following analysis of salary arrangements in other Multi-Academy Trusts (MATs). The pay ranges for school leaders are set in accordance with the School Teachers' Pay and Conditions Document, with Principals paid within a 7-point range, and Vice and Assistant Principals paid within a 5-point range.

The Trust reviews pay annually and progression through the pay range is based on performance assessed through the annual appraisal process; it takes account of the recommendation on pay contained within the appraisal report and awards progression, where there is evidence that the individual:

- contributes effectively to whole school leadership;
- leads their own specific areas of leadership responsibility, taking into account performance management objectives; and
- effectively leads all line managed areas.

Kenton Schools Academy trustees, with the exception of the CEO, do not receive any remuneration.

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 August 2020

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Total pay bill and facility time costs

Total pay bill	£8,880,292
Total cost of facility time	£9,012
Percentage of pay spent on facility time	0.1%

Paid trade union activities

Hours spent on paid facility time	0
Hours spent on paid trade union activities	0
Percentage of total paid facility time hours spent on trade union activities	0%

Engagement with employees (including disabled persons)

The Trust has and will continue to ensure that employees and their recognised trade unions are consulted on any decisions that are likely to impact on the interests of our staff. This includes engaging in consultation on changes to policy as a result of legislative change or operational requirements, pay, grading and staffing structure issues, and policy and practice affecting wellbeing including health and safety and risk assessments.

In addition to formal consultation, the Trust has a number of informal communication and engagement mechanisms in place such as staff briefings and daily email updates on key issues. Staff feedback is obtained regularly through staff surveys focusing on general or specific issues and informal feedback through staff briefings and line management arrangements.

Trust employees are subject to a rigorous appraisal system where objectives are set aligned to the Trust, Academy and Departmental Improvement Plans. Performance is reviewed against these objectives both formally through this annual process, and informally through mid cycle reviews and line management meetings.

The Trust is committed to ensuring equality of opportunity for all and offer guaranteed interviews for candidates for job roles who have identified as having a disability where the essential criteria for the post is met. We offer various adjustments to support both entry into the Trust for disabled workers and to support them throughout the course of their employment.

Engagement with suppliers, customers and others in a business relationship with the Trust

We are committed to working with a range of suppliers, and encourage smaller, charitable and locally based suppliers as well as social enterprises to compete for business and to support them in improving their ability to meet the Trust's requirements whilst complying with the Academies Financial Handbook.

The Trust aims to conduct all its relationships with integrity and courtesy, and scrupulously to honour every

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 August 2020

business agreement. The trustees have approved a number of policies that help to ensure the charity maintains high standards of business conduct; these include the Investment Policy, Anti Fraud and Whistleblowing Policy, and Gifts and Hospitality Policy.

The need to act fairly as between members of the company

All members of the Trust are treated fairly and equally, with the same access to information, the ability to directly contact trustees or the Executive, and being invited to participate in training or strategic development events.

All matters reserved for decision by the trustees are presented at Board or Committee meetings as appropriate. trustees are briefed on any identified potential impacts and risks for our stakeholders and how they are to be managed. The trustees take these factors into account before making a final decision which together they believe is in the best interests of the Trust and its stakeholders.

Promoting the success of the company

The trustees have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, stakeholders and the matters set out in section 172(1) of the Companies Act 2006. The Charities Commission has issued guidance which explains that charitable companies should take "promoting the success of the company" to mean "promoting the success of the charity to achieve its charitable purposes."

Kenton Schools Academy Trust is governed by its charitable objects. These charitable objects set out the purpose of the charity. The consequences of all decisions and activities of the charity are assessed by how they drive us towards achieving that long-term purpose, including by reference to the charity's strategy, vision and values.

As an educational charity, we are accountable not only to our funders and direct beneficiaries (our pupils) but also our parents and wider community. These stakeholders support us, engage with us, and challenge us. They ensure that the decisions we make as a charity, from the ground level through to the Board, are for their benefit. We are a values driven organisation and our values mean that we are informed, shaped and powered by our determination to uphold our vision and values.

Well-established involvement and consultation mechanisms, both direct (through parent and staff surveys) and indirect (through the involvement of parents and local people on our Local Governing Body's and Trust Board) ensure that decisions made by the trustees are informed by the needs of the organisation's stakeholders.

Trustees consider the consequences of any strategic decision in the long-term as part of their assessment. We aim to ensure that as an organisation we balance our income and expenditure to ensure that our organisation remains sustainable in the long term. This is balanced against the needs of our pupils, staff and other stakeholders, and the community, to ensure we are spending the funding we receive from the government in the most effective way to support our aims, and with integrity.

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 August 2020

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of KSAT to provide education for students of different abilities between the ages of 11 and 19 at Kenton School and at Studio West, with an emphasis on an inclusive and supportive environment for all students, regardless of their background. The aim of Kenton School is summed up in the school motto "All Different All Equal". This aim also applies to Studio West, but, in addition, Studio West has the specific aim of connecting students' learning to the world of work. This aim is summed up in the school motto "Learning that Connects".

In accordance with the articles of association, the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum, with emphasis on an inclusive and supportive environment for all students, regardless of their background.

The main objectives of the academies during the year ended 31 August 2020 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all students;
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with business, especially at Studio West;
- To conduct the academy's business in accordance with the highest standards of integrity, probity and openness; and
- To ensure strong progression for all school leavers into education, employment and/or training.

Objectives, strategies and activities

The Trust's main objectives are encompassed in its mission statement, which is "to change the current and future lives of our students for the better, by providing them with the highest possible quality of education tailored to their differing needs. Therefore, we will work tirelessly to ensure that all our students, from all backgrounds and starting points, are enthusiastic learners, attend and behave well, are safe and healthy, make excellent progress and achieve highly, then progress to the most challenging and rewarding higher education and careers. Then they will be capable, creative, caring, committed, flexible, thriving adults, who change their world, their country, their family and themselves for the better".

To this end the objectives and the strategies used to achieve them include:

- Detailed planning to raise the achievement of students through a comprehensive school improvement strategy
- Carrying out comprehensive curriculum-led cost analysis to inform future planning
- Responding to Ofsted inspection reports and identified key issues for action
- Embracing national improvement strategy, such as the DfE funded ONE Vision programme
- Collaborating with the LA, other local Trusts and relevant providers/agencies

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students in both Kenton School and Studio West.

Public benefit

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees have complied with the duty under Section 4 of

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 August 2020

the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and the trustees have considered this guidance in deciding what activities the Trust should undertake.

Strategic report

Achievements and performance

Key performance indicators

Both of the academies in the Trust were inspected by Ofsted in the 2018/19 academic year. At Kenton School, the overall effectiveness of the academy in February 2019 was judged to require further improvement, whilst the sixth form was judged to be good. At Studio West's inspection of May 2019, the academy was judged to be good in all aspects, including the sixth form.

2019/20 results, with Covid-19, have seen a unique set of circumstances for grading students at both GCSE and post-16. Whilst the rationale is clear on the awarding of grades, it should be noted that, at the time of writing this strategic report, the examination results cited below may still be subject to some minor fluctuation since they are not yet "validated". Whilst the government has made it clear that these results will not be published in school performance tables or used to hold providing bodies and schools to account, they are, however, duly noted here and compared with 2019 as an indication of "gains" made. Nationally, it has been said that 2019 results will be used as the point of reference for inspection and accountability purposes. Centre Assessed Grades both at GCSE and post-16 were robustly moderated following Ofqual guidelines. The second part of the Ofqual moderation process to be undertaken by examination boards, resulted in the higher of the two grades from either the centre assessed grades or the ones awarded by the Board being awarded, following a government U-turn in relation to the standardization process. Post-16, this has meant some significant uplift for both schools in relation to headline indicators. There was no cohort submission for year 11 at Studio West since there will not be a year 11 until the 2021/22 academic year. The main headlines for both schools are as follows:

Kenton School

Measure	2019	2020 Centre Assessed Grades (CAG)	2020 results	National 2019
GCSE				
Progress 8	-0.62	-0.38	-0.32*	-0.03
Attainment 8	40.5	41.2	41.96	46.7
5+ English/Maths	31%	37%	37%	43%
4+ English/Maths	53%	57%	57%	65%
EBacc Ave. Pt. Score	3.3	3.3	3.4	4.1
Post-16				
Academy average grade per entry	C-	C	C	C+
Academy value-added	-0.13	0.26	0.31	-0.02
Applied General average grade	M	M	M+	M+
Applied General value-added	-0.12	-0.17	0.12	-0.01
Technical	Dis-	M	M+	M+

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 August 2020

Studio West

Measure	2019	2020 CAG	2020 results
Post-16			
Academy average grade per entry	B-	B+	B+
Academy value-added	0.71	1	1.06
Applied General average grade	M+	M	M
Applied General value-added	-0.26	0.09	0.48
Technical	M		

The Progress 8 figure cited (*) above is an indication only of how much progress students on average would have made given the progress that was made from students starting points on average nationally for those who sat their exams in 2019. This, we believe, represents what would have been a realistic rate of improvement across subjects, given the evidence gathered prior to and during the national lockdown in March 2020 and via a robust, centre assessed grading process. Combined scores for both English and Maths also represent a modest estimate on the gains that would have been made had the students had the opportunity to sit their exams in 2020.

The priority for both schools post-lockdown is in ensuring that all students are supported in the re-engagement with on-site learning and that high-quality provision is in place for remote access to learning in the event of local lockdown. The closing of all performance gaps for "vulnerable groups", including for the "Disadvantaged" remains a priority for Kenton School based on past performance but clearly for both schools in the context of Covid-19.

Attendance and reducing levels of persistent absence remain key priorities for both schools, albeit within very different circumstances because of the pandemic. Significant efforts were made during lockdown to re-engage some of the schools' most hard to reach young people. Current overall rates of attendance since re-opening are above current national for secondary schools. However, and as is the case for all schools nationally, the situation is potentially volatile. Just prior to lockdown, overall levels of attendance in Kenton School were in line with the school's previous year's performance at 89.5% (2019 school validated figure for the entire year = 89.9%). At Studio West, the figure just prior to lockdown was 94%, 0.9% below the school's previous year's validated 94.9%. The national average, validated figure for 2019 academic year was 94.5%.

Notable successes for 2019/20 saw Studio West 5th of all studio schools nationally at the beginning of the academic year for its value added at GCSE and later in the year 17th of all schools nationally (including Private Schools) for its value-added at A-level. In the Pearson Teaching Awards, two teachers from Kenton were recognized for their outstanding practice and the school was also awarded the Creative Team Award.

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 August 2020

Financial review

Most of the Trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to specific purposes. The grants received from the DfE/ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants 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 expected useful life of the assets concerned.

In addition, the Trust derives smaller amounts of income from lettings, sports hall hire and catering.

During the year ended 31 August 2020, total expenditure of £15,564k was met by recurrent grant funding from the DfE/ESFA, together with other incoming resources. The excess of income over revenue expenditure for the year (before transfers and actuarial losses and excluding restricted fixed asset funds and the LGPS pension cost) was £1,712k, of which £294k has been invested in fixed assets.

All the expenditure shown in the Statement of Financial Activities is in furtherance of the academies' objectives.

At 31 August 2020, the net book value of fixed assets was £27,373k 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 students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pension scheme, resulting in a liability of £7,740k being recognised on the balance sheet.

The academy held fund balances at 31 August 2020 of £21,996k comprising £21,502k of restricted funds and £494k of unrestricted funds.

The trustees are buoyed by the ability to achieve the challenging objectives of the agreed recovery plan, whilst maintaining high education standards in both schools. The Trust has ended the year in a significantly stronger position than when it started and has detailed and accurate forecasts for the next three academic years.

Going concern

The pandemic had an impact on the operations of the school in the latter part of the year. The financial impact however has not been significant with the main funding streams unchanged; at 31 August 2020 the academy had cash reserves of £2,999k.

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 detail regarding the adoption of the going concern basis of preparation is given in the accounting policies.

Reserves policy

The academy seeks to hold restricted and unrestricted funds. Unrestricted funds are held:

- To provide funds which can be designated to specific areas to improve the quality of education; and
- To cover ongoing costs in relation to the running of the academy including catering provision, school trips and uniform costs.

The academy held fund balances at 31 August 2020 of £21,996k comprising £21,502k of restricted funds and £494k of unrestricted funds.

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 August 2020

The academy's level of free reserves (total funds less the amount held in restricted fixed asset funds and restricted pension funds) are in surplus by £2,363k at the end of the financial year.

In light of the financial position the Trust found itself in at the end of 2017, the trustees increased the reserves policy from £500k to the ESFA recommended policy of 1/12th of annual income, which is £1,131k based on current projections. The Trust has achieved this policy at 31 August 2020. The trustees consider that to hold reserves in excess of the minimum levels at the present time is desirable to allow the Trust to deal with any future uncertainties and costs resulting from the ongoing pandemic or any loss of future funding

Investment policy

The Trust Finance & General Purposes Committee is responsible for approving the investment policy and has an on-going responsibility to ensure monitoring and review of any investment. All borrowing shall be authorised by the Committee, undertaken in the name of Kenton Schools Academy Trust, and conform to the relevant funding body requirements. Investments should be made to further the trusts charitable aims, but must ensure that investment risk is properly managed. The investment objectives based on prudence are:

- To achieve best financial return available whilst ensuring the security of deposits takes precedence over revenue maximisation;
- Only to invest funds surplus to operational need based on all financial commitments being met without the Trust bank account becoming overdrawn; and
- By complying with this policy, all investment decision should be exercised with care and skill and consequently be in the best interests of the Trust, commanding public support.

Principal risks and uncertainties

The trustees have implemented a comprehensive risk management process and have assessed the major risks to which the academy is exposed, especially those relating specifically to its finances and teaching provision and other operational areas in its academies.

The principal risks and uncertainties are focused on changes in the level of funding from the DfE and the ESFA. In addition, the Trust is a Member of the LGPS, which results in the recognition of a significant liability on the academy balance sheet.

More detailed and specific financial risks that are managed throughout the year are:

- Liquidity risk; The Trust manages its resources, so all its operating needs are met without the need for any external borrowing
- Interest rate risk: in the absence of borrowing and with low levels of current and expected interest rates, the Trust is not exposed to significant interest rate risk.
- Credit risk: the Trust is subject to price inflation, but is funded by government alongside all other academies and schools, and credit risk is considered to be negligible. .

The academies have an effective system of internal financial controls, which is explained in more detail in the Governance Statement.

The principal core and reputational risk faced by the Trust concerns the Ofsted "Requires Improvement" category of Kenton School. The Trust has engaged fully in a DfE-led school improvement project, ONE Vision, which has attracted significant additional funding over three years, and is working closely with a National Leader in Education on addressing these risks.

The academies have fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area, in addition to training on Child Protection and GDPR.

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 August 2020

Streamlined energy and carbon reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020

Energy consumption used to calculate emissions (kWh)	2,795,439
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Energy consumption breakdown (kWh)	
Gas	1,663,516
Electricity	1,111,731
Transport fuel	20,192

Scope 1 emissions in metric tonnes CO₂e

Gas consumption	300.35
Transport fuel	4.94
Total Scope 1	305.29

Scope 2 emissions in metric tonnes CO₂e

Purchased electricity	259.18
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Scope 3 emissions in metric tonnes CO₂e

Business travel in employee owned vehicles	0.172
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Total gross emissions in metric tonnes CO₂e	564.64
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Intensity ratio tonnes CO₂e per pupil	0.25
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Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for this sector.

Measures taken to improve energy efficiency

The Trust is working with the Local Authority to submit a bid for the Public Sector Decarbonisation Scheme which aims to reduce operational energy costs, reduce energy consumption and emissions. We are also exploring the feasibility of installing solar panels on the roof at Kenton School.

Kenton Schools Academy Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 August 2020

Fundraising

The Trust does not use external fundraisers. All fundraising undertaken during the year was monitored by the trustees.

Disabled persons

Lifts, ramps and disabled toilets are installed, and door widths are adequate to enable wheelchair access to all main areas of the academies. The policy of the Academy Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

Plans for future periods

In 2016-17, trustees first discussed the possibility of the Kenton Schools Academy Trust joining another local Trust. It was agreed that the CEO should hold detailed discussions with a view to the Kenton Trust joining the local MAT at that particular point in time. Trustees have continued to keep this matter under review, though the key priority is for the Kenton Schools' Academy Trust is for Kenton to secure a judgement of good at its next inspection and for Studio West to continue on its onward and upward journey towards outstanding. A judgement of at least good for both schools would assist in strengthening the Trust's options in relation to growth strategy going forward.

In September 2019, Studio West admitted its third cohort of Year 7 students, following the change of age range from 14-19 to 11-19. All three years have seen admission into year 7 which is above Pupil Admission Number (PAN). In September 2020, Studio West took 122 students into its year 7 by agreement with the local authority and the ESFA to assist with local demographics and pressure on secondary school places. As an indication of the school's popularity locally there were 208 first choices for a PAN of 90. The Trust's significant change request for Studio West was granted on the condition that sufficient capital investment could be secured. Negotiation with the local authority has enabled the Trust to secure the necessary refurbished additional classroom space on the Studio West site resulting in the signing off of the Deed of Variation and funding agreement for the full 550 planned 11-19 provision. Whilst the expanded learning environment is much improved, there is still the need to secure on-site sports facilities. In the context of places planning and the development of new secondary schools locally, the Trust has recently gone out to consultation in relation to reducing Kenton School's PAN from 342 to 300 from September 2022.

Disclosure of information to auditor

Insofar as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- That trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 17 December 2020 and signed on its behalf by:



R Steele
Chair of Trustees

Kenton Schools Academy Trust

(A company limited by guarantee)

Governance statement

Scope of responsibility

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

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 6 times during the year.

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

Trustee	Meetings attended	Out of a possible
I Lane	6	6
R Steele	6	6
T Quincey	6	6
C Hart	5	6
M Surtees	3	5
A Malcolm	5	5
N Nichol	5	5
M Sorour	5	5
K McDermid	0	0
A Kelly	1	2

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to advise the Board, subject to the detailed requirements of the Academies Financial Handbook, Funding Agreement and the Financial Regulations of the Trust, on the following matters:

- The annual estimates of income and expenditure and financial forecast for the Trust and its Academies;
- Monitoring of revenue finances of the Trust and its Academies and advising the Board on progress towards achieving its financial objectives;
- Monitoring of policies relating to finance, staffing and buildings, including Health and Safety, capitalisation, depreciation, treasury management, investment and borrowing;
- The financial elements of the risk management policy including health and safety, buildings and insurance;
- The management accounts of the Trust, advising the Board on the year-end accounts;
- To consider any relevant legal and contractual documentation, operating within the Articles of Association, Schemes of Delegation, Funding Agreement and Financial Regulations;
- To monitor policies in relation to non-educational services such as Human Resources, publicity and marketing, and to agree changes as necessary;
- To monitor the deployment of non-financial resources, including personnel and property, with a view to advising the Board on the effectiveness of such resources; and
- The oversight of the pay and conditions of service of all employees of the Trust.
- The internal scrutiny programme for the Trust.

Kenton Schools Academy Trust

(A company limited by guarantee)

Governance Statement (continued)

Governance (continued)

- During 2019/20 the committee also oversaw the response to the two cyber attacks.

Attendance at meetings of the Finance and General Purposes Committee in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Steele (Chair)	5	6
T Quincey	4	4
M Surtees	6	6
C Hart	5	6
I Lane	6	6

In June 2019 as part of the Opportunity North East Programme, a review of governance was conducted by a National Leader of Governance and identified a series of recommendations:

- The Trust should devise a clear mechanism whereby the performance of the chair and vice-chair is subject to regular 360° review of their performance on an annual basis;
- The Trust should carry out a skills audit of existing Members, despite the rigour that is applied to identifying the skills gaps when recruiting new trustees;
- The Trust should ensure that there are appropriate mechanisms in place to ensure that all stakeholders are made aware of KSAT Board decisions and the evidence of this activity is recorded on the school website;
- The Trust should, through the Local Governing Board, give greater attention to the impact of pupil premium and year 7 catch up funding.

The recommendations have all been partially implemented and will be fully implemented in the 2020/21 financial year

A further review will be commissioned in 2021.

Kenton Schools Academy Trust

(A company limited by guarantee)

Governance Statement (continued)

Review of value for money

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

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

- The schools have maintained a staffing structure that is focused on the provision of excellent pastoral and academic support for learning;
- Integrated Curriculum Led Financial Planning has been fully embedded within both schools and has driven the budget setting and medium term financial planning of the Trust. Contact ratios and key financial indicators were ratified by trustees are used as the principles to ensure the financial viability and sustainability with curriculum breadth and student pathways across subjects.

The financial governance and oversight by the trustees and Accounting Officer have ensured that cost and effectiveness of spending proposals have been challenged in order to achieve value for money for the Trust, for example, in the tendering of reprographic services for both Kenton School and Studio West School..

The Trust regularly reviews and assesses budget against actual expenditure and investigate variances when they occur.

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 Kenton Schools Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 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;

Kenton Schools Academy Trust

(A company limited by guarantee)

Governance Statement (continued)

The risk and control framework (continued)

- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- identification and management of risks.

The board of trustees has decided to employ MHA Tait Walker LLP as internal auditor.

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

- testing of payroll systems;
- testing of purchase systems; and
- testing of control account/bank reconciliations.

On a termly basis, the internal auditor reports to the board of trustees through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

There were no significant matters arising from the work of the internal auditor in the 2019/20 financial year.

Review of effectiveness

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

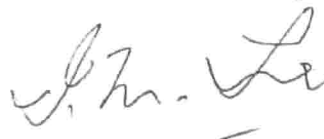
- the work of the external auditor;
- the work of the internal auditor;
- monthly feedback and reports from the ESFA;
- the school resource management self-assessment tool;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 17 December 2020 and signed on their behalf by:



R Steele
Chair of Trustees



I Lane
Accounting Officer

Kenton Schools Academy Trust

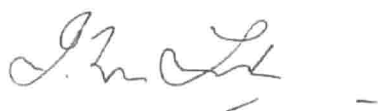
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Statement on Regularity, Propriety and Compliance

As accounting officer of Kenton Schools Academy Trust 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 2019.

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 2019.

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.



I Lane
Accounting Officer

Date: 17 December 2020

Kenton Schools Academy Trust

(A company limited by guarantee)

Statement of trustees' responsibilities

Year ended 31 August 2020

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial . 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:

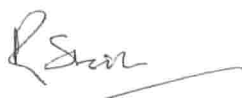
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 and signed on its behalf by:



R Steele

Chair of Trustees

Date: 17 December 2020



Independent auditor's Report on the financial statements to the Members of Kenton Schools Academy Trust

Opinion

We have audited the financial statements of Kenton Schools Academy Trust (the 'academy') for the year ended 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and 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 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 auditor's Report on the financial statements to the Members of Kenton Schools Academy Trust (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 auditor's 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 for the financial year 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 auditor's Report on the financial statements to the Members of Kenton Schools Academy Trust (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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in dark ink, appearing to read 'Michael Morris'.

Michael Morris ACA FCCA (Senior Statutory Auditor)

for and on behalf of

UNW LLP

Chartered Accountants

Newcastle upon Tyne

17 December 2020

Kenton Schools Academy Trust

(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Kenton Schools Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 17 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kenton Schools Academy Trust during the year 1 September 2019 to 31 August 2020 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 Kenton Schools Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kenton Schools Academy Trust 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 Kenton Schools Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Kenton Schools Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Kenton Schools Academy Trust's funding agreement with the Secretary of State for Education dated 1 May 2012 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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.

The work undertaken to support our conclusion includes:

- Testing a sample of expenditure to verify that the Trust's procurement procedures have been followed for the items selected;
- Testing a sample of payments to ensure that they are correctly authorised in accordance with the Trust's policies;
- Testing a sample of expenditure to verify the nature of spend is in line with funding agreements; and
- Testing a sample of income and expenditure to ensure systems and controls are being implemented in line with the Trust's policies.

Kenton Schools Academy Trust

(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Kenton Schools Academy Trust 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Michael Morris ACA FCCA
UNW LLP

Date: 17 December 2020

Kenton Schools Academy Trust

(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account) Year ended 31 August 2020

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants	3	25	-	44	69	151
Charitable activities	4	-	14,346	-	14,346	12,772
Other trading activities	5	605	-	-	605	695
Investments		6	-	-	6	3
Total income		636	14,346	44	15,026	13,621
Expenditure on:						
Charitable activities	6	220	13,700	1,644	15,564	14,427
Total expenditure		220	13,700	1,644	15,564	14,427
Net income / (expenditure)		416	646	(1,600)	(538)	(806)
Transfers between funds	16	-	(294)	294	-	-
Net movement in funds before other recognised gains/(losses)		416	352	(1,306)	(538)	(806)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(1,830)	-	(1,830)	(2,270)
Net movement in funds		416	(1,478)	(1,306)	(2,368)	(3,076)
Reconciliation of funds:						
Total funds brought forward		78	(4,393)	28,679	24,364	27,440
Net movement in funds		416	(1,478)	(1,306)	(2,368)	(3,076)
Total funds carried forward		494	(5,871)	27,373	21,996	24,364

The notes on pages 28 to 53 form part of these financial statements.

Kenton Schools Academy Trust

(A company limited by guarantee)

Balance sheet At 31 August 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	13	27,373	28,679
Current assets			
Debtors	14	532	439
Cash at bank and in hand		2,999	1,378
		<u>3,531</u>	<u>1,817</u>
Creditors: amounts falling due within one year	15	(1,168)	(872)
Net current assets		<u>2,363</u>	<u>945</u>
Total assets less current liabilities		<u>29,736</u>	<u>29,624</u>
Net assets excluding pension liability		<u>29,736</u>	<u>29,624</u>
Defined benefit pension scheme liability	22	(7,740)	(5,260)
Total net assets		<u><u>21,996</u></u>	<u><u>24,364</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	16	27,373	28,679
Restricted income funds	16	1,869	867
Pension reserve	16	(7,740)	(5,260)
Total restricted funds	16	<u>21,502</u>	<u>24,286</u>
Unrestricted income funds	16	<u>494</u>	<u>78</u>
Total funds		<u><u>21,996</u></u>	<u><u>24,364</u></u>

The financial statements on pages 25 to 53 were approved by the trustees, and authorised for issue on 17 December 2020 and are signed on their behalf, by:



R Steele
Chair of Trustees

Company registered number: 07964133

The notes on pages 28 to 53 form part of these financial statements.

Kenton Schools Academy Trust

(A company limited by guarantee)

Statement of cash flows Year ended 31 August 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	1,915	572
Cash flows from investing activities	19	(294)	(14)
Change in cash and cash equivalents in the year		1,621	558
Cash and cash equivalents at the beginning of the year		1,378	820
Cash and cash equivalents at the end of the year	20, 21	<u>2,999</u>	<u>1,378</u>

The notes on pages 28 to 53 form part of these financial statements

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kenton Schools Academy Trust meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised as historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in pounds sterling, which is the functional currency of the charity and are rounded to the nearest £000.

1.2 Going concern

In determining the appropriate basis of preparation of the financial statements, the trustees are required to consider whether the use of going concern is appropriate and 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 for the foreseeable future, being a period of at least 12 months from the date of signing of these financial statements.

The trustees have performed this assessment and have prepared the financial statements on a going concern basis which is considered appropriate for the following reasons.

At 31 August 2020, the free reserves position was £2,363k and the academy had cash reserves of £2,999k.

The trustees have prepared cash flow forecasts for a period in excess of 12 months from the date of their approval of these financial statements and considered the potential impact of the Covid-19 outbreak. The cash flow forecasts that the trustees have prepared are based on their current best estimates and are in line with the funding agreement in place with the Department for Education and show that the academy can maintain sufficient financial headroom for the foreseeable future.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

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 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.

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, 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 charitable activities 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 expenditure is inclusive of irrecoverable VAT.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £3,000 (equipment and vehicles) or £7,000 (land, buildings and improvements) 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:

Long term leasehold land	- 125 years
Long term leasehold buildings	- 21 to 125 years
Fixtures and fittings	- 5 years
Motor vehicles	- 5 years
Computer equipment	- 3 years

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

1.7 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.

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.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

1. Accounting policies (continued)

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 note 15. 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 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

1.11 Pensions

The academy operates a defined contribution pension scheme and the pension charge represents the amounts payable by the academy to the fund in respect of the year.

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.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 August 2020

1. Accounting policies (continued)

1.12 Agency arrangements

The Trust acts as an agent in the administration of 16-19 bursary funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Trust does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA.

1.13 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.

1.14 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.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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:

Depreciation - depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the fixed asset accounting policy.

Land - certain land is held under a 125 year lease from Newcastle City Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being a major part of the economic life of assets and the assets being of such a specialised nature that only the academy could use them without major modification.

The PFI contract is an agreement to receive services, and as the academy trust is deemed to control the services that are provided under the PFI scheme, the academy trust has recognised the assets used under the contracts within tangible fixed assets. The trustees consider the cost of obtaining an additional valuation would outweigh the benefit.

The non-PFI premises are held on a 125 year lease from Newcastle City Council. As the risks and rewards of ownership has transferred to the academy trust, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at insurance valuation. The trustees consider the cost of obtaining an additional valuation would outweigh the benefit.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 August 2020

3. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Donations	25	-	25
Grants	-	44	44
	<u>25</u>	<u>44</u>	<u>69</u>
	Unrestricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Donations	1	-	1
Grants	-	150	150
	<u>1</u>	<u>150</u>	<u>151</u>

4. Funding for the academy's educational operations

	Restricted funds 2020 £000	Total funds 2020 £000
DfE/ESFA grants		
General Annual Grant (GAG)	12,140	12,140
Pupil Premium	933	933
Other DfE/ESFA Grants	801	801
Other Government Grants	282	282
SEN	190	190
Total 2020	<u>14,346</u>	<u>14,346</u>

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 August 2020

4. Funding for the academy's educational operations (continued)

	Restricted funds 2019 £000	Total funds 2019 £000
DfE/ESFA grants		
General Annual Grant (GAG)	11,503	11,503
Pupil Premium	822	822
Other DfE/ESFA Grants	274	274
Other Government Grants	66	66
SEN	107	107
	<u>12,772</u>	<u>12,772</u>

5. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000
Sundry income	175	175
Rental income	206	206
Catering	135	135
School fund	89	89
Total 2020	<u>605</u>	<u>605</u>

	Unrestricted funds 2019 £000	Total funds 2019 £000
Sundry income	256	256
Rental income	207	207
Catering	168	168
School fund	64	64
	<u>695</u>	<u>695</u>

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 August 2020

6. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000
Educational operations:				
Direct costs	7,853	-	675	8,528
Support costs	2,296	3,350	1,390	7,036
	<u>10,149</u>	<u>3,350</u>	<u>2,065</u>	<u>15,564</u>
	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Educational operations:				
Direct costs	7,083	-	804	7,887
Support costs	1,972	3,065	1,503	6,540
	<u>9,055</u>	<u>3,065</u>	<u>2,307</u>	<u>14,427</u>

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

7. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Educational operations	8,528	7,036	15,564

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Educational operations	7,887	6,540	14,427

Analysis of support costs

	Total funds 2020 £000	Total funds 2019 £000
Pension finance costs	100	70
Staff costs	2,296	1,972
Depreciation	1,644	1,621
Technology costs	169	80
Educational support costs	111	184
Maintenance of premises and equipment	234	121
Cleaning	158	124
Rent and rates	1,264	1,115
Energy	71	137
Insurance	37	61
Security and transport	15	12
Catering	365	454
Other support costs	540	567
Governance costs	32	22
	7,036	6,540

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Operating lease rentals	98	89
Depreciation of tangible fixed assets	1,644	1,621
Fees paid to auditor for:		
- audit	13	12
- other services	1	1
	<u>1,756</u>	<u>1,723</u>

9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	7,080	6,628
Social security costs	707	657
Pension costs	1,993	1,547
	<u>9,780</u>	<u>8,832</u>
Agency staff costs	369	223
	<u>10,149</u>	<u>9,055</u>

b. Staff numbers

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

	2020 No.	2019 No.
Senior management	17	15
Teaching staff	125	121
Learning support staff	103	97
Support staff	35	41
	<u>280</u>	<u>274</u>

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

9. Staff (continued)

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	2	2
In the band £100,001 - £110,000	2	2

d. Key management personnel

The key management personnel of the academy comprise the 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 £892,377 (2019 £970,476).

10. Central services

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

- finance
- human resources
- information technology
- CEO, business and governance support
- data management
- estates management

The academy charges for these services on the following basis:

Costs split based on actual charges where this can be determined, or pupil numbers, being 85% Kenton School and 15% Studio West.

The actual amounts charged during the year were as follows:

	2020 £000	2019 £000
Kenton School	520	487
Studio West	96	86
Total	616	573

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 August 2020

11. Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of trustees' remuneration and other benefits was as follows:

		2020 £000	2019 £000
I Lane, CEO from 1 November 2019	Remuneration	55 - 60	-
	Pension contributions paid	5 - 10	-

During the year, Northern Education Associates Limited received payments totalling £11,700 (2019: £94,380) in respect of the services provided by K McDermid, trustee, in his role as CEO of the academy.

During the year, no trustees received any other remuneration or benefits in kind (2019: £nil).

During the year ended 31 August 2020, no trustee expenses have been incurred (2019 - £NIL).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, Kenton Schools Academy Trust 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2020 was £215 (2019 - £199). The cost of this insurance is included in the total insurance cost.

Studio West 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.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

13. Tangible fixed assets

	Long-term leasehold property £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost					
At 1 September 2019	39,568	256	79	881	40,784
Additions	115	27	-	197	339
At 31 August 2020	<u>39,683</u>	<u>283</u>	<u>79</u>	<u>1,078</u>	<u>41,123</u>
Depreciation					
At 1 September 2019	11,083	219	75	728	12,105
Charge for the year	1,571	20	1	52	1,644
At 31 August 2020	<u>12,654</u>	<u>239</u>	<u>76</u>	<u>780</u>	<u>13,749</u>
Net book value					
At 31 August 2020	<u>27,029</u>	<u>44</u>	<u>3</u>	<u>298</u>	<u>27,374</u>
At 31 August 2019	<u>28,485</u>	<u>37</u>	<u>4</u>	<u>153</u>	<u>28,679</u>

14. Debtors

	2020 £000	2019 £000
Due within one year		
Trade debtors	113	34
Prepayments and accrued income	357	322
VAT recoverable	62	83
	<u>532</u>	<u>439</u>

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

15. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	213	171
Other taxation and social security	181	166
Other creditors	175	136
Accruals and deferred income	599	399
	1,168	872
	2020 £000	2019 £000
Deferred income at 1 September 2019	265	154
Resources deferred during the year	206	265
Amounts released from previous periods	(225)	(154)
	246	265

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

16. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
Unrestricted general funds	78	636	(220)	-	-	494
Restricted general funds						
Restricted funds	867	14,346	(13,050)	(294)	-	1,869
Pension reserve	(5,260)	-	(650)	-	(1,830)	(7,740)
	<u>(4,393)</u>	<u>14,346</u>	<u>(13,700)</u>	<u>(294)</u>	<u>(1,830)</u>	<u>(5,871)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	28,679	44	(1,644)	294	-	27,373
Total Restricted funds	<u>24,286</u>	<u>14,390</u>	<u>(15,344)</u>	<u>-</u>	<u>(1,830)</u>	<u>21,502</u>
Total funds	<u>24,364</u>	<u>15,026</u>	<u>(15,564)</u>	<u>-</u>	<u>(1,830)</u>	<u>21,996</u>

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

The restricted fixed asset fund represents the fixed assets of the Trust, which are restricted to be applied for educational purposes in furtherance of the academies' objects.

The restricted fund includes all remaining grant funds for the general running of the Trust.

The pension reserve equates to the Trust's share of the deficit on the Local Government Pension Scheme in which it participates.

Unrestricted funds are all other funds of the Trust.

During the year a transfer has been made from the general restricted fund to the restricted fixed asset fund, representing capital additions not funded through direct capital grant.

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 2020.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

16. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £000	2019 £000
Kenton School	2,505	1,235
Studio West	(152)	(290)
Central services	10	-
Total before fixed asset funds and pension reserve	2,363	945
Restricted fixed asset fund	27,373	28,679
Pension reserve	(7,740)	(5,260)
Total	21,996	24,364

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £000
Studio West	(152)

This is the sixth year of operation for this academy. The deficit initially arose due to an unplanned clawback of funds.

The academy is taking the following action to return the academy to surplus:

Integrated Curriculum Led Financial Planning (ICLFP) is being used to ensure that an efficient and viable curriculum and medium term budget plan is place for Studio West to continue to recover the deficit position whilst continuing to deliver outcomes for students.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

16. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000
Kenton School	6,309	1,082	1,534	2,536	11,461
Studio West	1,008	311	207	306	1,832
Central services	-	556	-	71	627
Academy	7,317	1,949	1,741	2,913	13,920

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
Kenton School	6,199	1,203	1,709	1,489	10,600
Studio West	918	133	322	253	1,626
Central services	-	527	-	53	580
Academy	7,117	1,863	2,031	1,795	12,806

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

16. Statement of funds (continued)

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
Unrestricted general funds	(336)	699	(285)	-	-	78
Restricted general funds						
Restricted funds	-	12,772	(11,931)	26	-	867
Pension reserve	(2,400)	-	(590)	-	(2,270)	(5,260)
	(2,400)	12,772	(12,521)	26	(2,270)	(4,393)
Restricted fixed asset funds						
Restricted fixed asset fund	30,176	150	(1,621)	(26)	-	28,679
Total Restricted funds	27,776	12,922	(14,142)	-	(2,270)	24,286
Total funds	27,440	13,621	(14,427)	-	(2,270)	24,364

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	27,373	27,373
Current assets	494	3,037	-	3,531
Creditors due within one year	-	(1,168)	-	(1,168)
Provisions for liabilities and charges	-	(7,740)	-	(7,740)
Total	494	(5,871)	27,373	21,996

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	28,679	28,679
Current assets	78	1,740	-	1,818
Creditors due within one year	-	(873)	-	(873)
Provisions for liabilities and charges	-	(5,260)	-	(5,260)
Total	78	(4,393)	28,679	24,364

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

18. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £000	2019 £000
Net expenditure for the period (as per statement of financial activities)	(538)	(806)
Adjustments for:		
Depreciation	1,644	1,621
Capital grants from DfE and other capital income	(44)	(150)
Defined benefit pension scheme cost less contributions payable	550	520
Defined benefit pension scheme finance cost	100	70
Increase in debtors	(93)	(142)
Increase/(decrease) in creditors	296	(541)
Net cash provided by operating activities	1,915	572

19. Cash flows from investing activities

	2020 £000	2019 £000
Purchase of tangible fixed assets	(338)	(164)
Capital grants from DfE Group	44	150
Net cash used in investing activities	(294)	(14)

20. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	2,999	1,378

21. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	1,378	1,621	2,999

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

22. Pension commitments

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Tyneside 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 £133,000 were payable to the schemes at 31 August 2020 (2019 - £136,000) 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. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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. The valuation report was published 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% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 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
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, 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 including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

22. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £1,123,159 (2019 - £714,969).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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 2020 was £450,000 (2019 - £430,000), of which employer's contributions totalled £320,000 (2019 - £310,000) and employees' contributions totalled £ 130,000 (2019 - £120,000). The agreed contribution rates for future years are 16.3 per cent for employers and 5.5 to 12.0 per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.7	3.5
Rate of increase for pensions in payment/inflation	2.2	2.0
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	2.2	2.0
Pension accounts revaluation rate	2.2	2.0

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

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

22. Pension commitments (continued)

	2020 Years	2019 Years
Retiring today		
Males	21.8	21.9
Females	25.0	25.1
Retiring in 20 years		
Males	23.5	23.6
Females	26.8	26.9

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	18,550	15,840
Discount rate -0.1%	19,590	16,730
Mortality assumption - 1 year increase	18,390	15,740
Mortality assumption - 1 year decrease	19,750	16,820
CPI rate +0.1%	19,140	16,550
CPI rate -0.1%	19,980	12,620

Share of scheme assets

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

	2020 £000	2019 £000
Equities	6,060	7,220
Gilts	270	450
Corporate bonds	2,590	1,260
Property	1,040	950
Cash and other liquid assets	220	230
Other	1,140	910
Total market value of assets	11,320	11,020

The actual loss on scheme assets was £170,000 (2019: gain £680,000).

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

22. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2020 £000	2019 £000
Past service cost	-	(270)
Interest income	210	280
Interest cost	(310)	(350)
Current service cost	(870)	(560)
Total amount recognised in the Statement of financial activities	(970)	(900)

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

	2020 £000	2019 £000
At 1 September	16,280	12,410
Current service cost	870	560
Interest cost	310	350
Employee contributions	130	120
Actuarial losses	1,660	2,670
Benefits paid	(190)	(100)
Past service costs	-	270
At 31 August	19,060	16,280

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

	2020 £000	2019 £000
At 1 September	11,020	10,010
Interest income	210	280
Actuarial (losses)/gains	(170)	400
Employer contributions	320	310
Employee contributions	130	120
Benefits paid	(190)	(100)
At 31 August	11,320	11,020

Kenton Schools Academy Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2020

23. Operating lease commitments

At 31 August 2020 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	81	98
Later than 1 year and not later than 5 years	12	77
Later than 5 years	9	5
	<u>102</u>	<u>180</u>

24. Other financial commitments

Under the PFI arrangement, the academy has a financial liability to make payments to the PFI contractor under the life of the contract, which began in October 2008 and will run for 25 years. The cost is based on pupil numbers and in the current year was £1,150,788 (2019: £1,048,349). Funding was received from the ESFA to cover this commitment.

25. Members' liability

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

26. Related party transactions

Owing to the nature of the academy and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

Other than the CEO's remuneration disclosed in note 11, there were no other related party transactions in either period.

27. Agency arrangements

The academy trust distributes bursary funds to students aged 16-19 as an agent for ESFA. The academy trust received £37,000 (2019: £36,000) and disbursed £34,000 (2019: £19,000) in the year. The remaining balance is held within deferred income, along with balances deferred from previous periods.

