

Company Registration Number: 10831275 (England and Wales)

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

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KEYS CO-OPERATIVE ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	R Ayling S Carrick-Davies Rev. A Drake J Floyd S Nagel
Trustees	R Abo-Henriksen (appointed 22 June 2017) R Ayling (appointed 1 September 2017) J Brindle (appointed 22 June 2017) K Byatt (appointed 22 June 2017) P Cozens (appointed 11 September 2017) R Gregory (appointed 22 June 2017) S Whitfield (appointed 22 June 2017) A Mugford (appointed 22 June 2017, resigned 18 February 2018)
Company registered number	10831275
Company name	Keys Co-Operative Academy Trust
Principal and registered office	Heybridge Co-Operative Academy The Street Heybridge Essex CM9 4NB
Chief executive officer	P Cozens
Senior management team	P Cozens, Chief executive officer K Panrucker, Chief operating and financial officer F Lee, Head of School P Davis, Head of School
Independent auditors	MWS Chartered Accountants Statutory Auditor Kingsridge House 601 London Road Westcliff on sea Essex SS0 9PE
Bankers	Lloyds Bank PLC 77/81 High Street Essex CM1 1DU

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Keys Co-Operative Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Keys Co-operative

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

The academy was incorporated on 22 June 2017 and commenced trading on that date.
The principal object of the academy is to provide education.

b. 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.

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Keys Co-operative Academy Trust subscribes to a number of services to support the induction and training of new Trustees.

This includes membership of the National Governance Association which gives a wealth of resources and information to members. The membership to the NGA extends to the learning link, which is an online learning platform offering training modules. Keys Co-operative Academy Trust also subscribes to the governance training offer through the local authority, Essex County Council, which also offers information, training and events to Trustees and Governors.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

e. ORGANISATIONAL STRUCTURE

The members take ultimate responsibility for the trust achieving its charitable objectives delegate and have ultimate control over the academy trust. Members have the ability to appoint trustees and the right to amend the trust's articles of association and the board of trustees.

The Board of Trustees deliver the core governance functions and ensure that trust business is conducted in compliance with company and charity law.

During 2017/18 Keys Co-operative Academy Trust had 5 Member positions and 7 Trustees positions.

f. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

Senior Trust Staff

The Trust Board are responsible for determining the pay range and starting salary of the Chief Executive Officer (CEO) and Chief Operating and Financial Officer (COFO).

The CEO's Performance Management Review Panel is responsible for making pay progression recommendations for the CEO. The CEO is responsible for making pay progression recommendations for the COFO and such recommendations are ratified by the Trust Board.

Headteachers / Heads of School

The CEO is responsible for determining the pay range and starting salary of headteachers and Heads of Schools within the agreed pay bandings for the school, approved by the Trust board. The CEO is responsible for making pay progression recommendations for Heads of Schools. Such recommendations will be ratified by the Trust Board.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

g. TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£	
Total cost of facility time	-	
Total pay bill	4,491,397	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Samuel Nagel, a Key's Co-operative Academy Member is also the Managing Directors of Rallysport Engineering Academy in Colchester. Academies in the Trust had been using Rallysport engineering as an alternative provision placement for a number of years prior to Mr Nagels appointment as a Member. Rallysport is a community interest company which means that if any profits are generated they are re-invested into community projects for the Rallysport Academy students.

In 2017/18 Keys Co-operative Academy Trust spent a total of £78,042 in placing pupils at their engineering academy.

Objectives and Activities

a. OBJECTS AND AIMS

The Academy Trust's objects are specifically restricted to the following:

to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The mission of Keys Co-operative Academy Trust is to provide exemplary opportunities for all young people in our schools and to ensure that all our students leave school equipped with the skills they need to lead fulfilled and productive lives.

We believe that we can achieve this through our vision, which is to ensure that all our schools are at least Good and that all members of our Trust model co-operative values. We will achieve this by:-

- Ensuring that all employees at our schools consistently deliver exemplary standards within their roles
- Ensuring that all employees at Trust schools act as advocates and champions for our students
- Acting in partnership with local schools and the Local Authority to secure the best outcomes for our students
- Being dedicated to identifying and overcoming barriers to learning faced by our students
- Providing high quality support to students and their parents or carers
- Encouraging all students to develop positive self expression
- Providing a broad and balanced curriculum suited to the needs of all students
- Being the employer of choice by providing a high standard of staff development and well being
- Creating a genuine learning community which includes students, staff, parents and carers as co-learners

c. 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 and believe that the aims and objectives of the organisation are all for the public benefit.

Achievements and performance

Strategic report

a. KEY PERFORMANCE INDICATORS

The trustees are currently working on identifying specific measurable formal KPI's linked to the organisation aims and the strategic plan for 2018/19, however Trustees agreed 4 key strategic priorities for the Trust in 2017/18, which are as follows:

1. To hold schools to account for the effectiveness of their Leadership and Management
2. To ensure that teaching, learning and assessment continue to raise educational standards in all schools
3. To enable all learners to be good citizens in their communities by embedding the Co-operative values in our schools
4. To further develop Trust Central Services to deliver high quality infrastructure that is cost effective and value for money

These priorities were incorporated into the strategic plan.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

b. GOING CONCERN

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

c. REVIEW OF ACTIVITIES

Keys Co-operative Trust was established on 1st September 2017, comprising of two Pupil Referral Units, one serving Tendring and Colchester and one serving Chelmsford and Braintree. On setting up the MAT, a central services team was established, which delivers the following functions:-

- Finance and payroll
- HR Services
- IT support
- Data and SIMS
- Admissions and attendance
- Facilities Management

Establishing MAT Central services from the outset has meant that the Trust is in a strong position to accept new schools into the Trust and it has made all the above functions more consistent and professional for both schools. We have adopted Co-operative articles of Association and established a scheme of delegation which is kept under regular review to ensure that it is fit for purpose.

The list of Trustees and Members are as shown on page 1 of the financial statements.

This has been our first year of operation so it has been about establishing and adapting processes and procedures to suit the needs of both schools within the Trust. We have made some changes to our operation and there are many things to be proud of achieving this year.

Key priorities 2017/18

- Establish Trust Central Services
- Develop a house style and corporate identity
- Raise the profile of the Trust to attract high quality staff at all levels
- Maintain standards of Leadership, Teaching and Learning, Behaviour and Safeguarding, Pupil Progress and outcomes in both schools
- Maintain quality assurance of both schools benchmarking, comparison with similar schools, internal and external scrutiny
- Develop leadership capacity in both schools
- Work with the LA to create new premises for NEECA, Primary provision in Mid and to refurbish and extend premises at HCA
- Create a blueprint for provision, based on an agreed curriculum model across the areas served by both PRUs

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Progress towards priorities 2017/18

- Trust Central services has proved to be a successful and efficient model
- Corporate style and identity has been established and is recognised by stakeholders
- Despite staff turbulence at NEECA, both schools were fully staffed for September, reducing the reliance on supply staff and high quality staff have been attracted to posts at all levels in the Trust
- Despite illness and turbulence at Leadership level, utilising support of both Leadership teams has meant that leadership has remained at least good at both schools. Teaching and Learning continues to be good or outstanding at both schools and two staff who were on support programmes improved to good by the end of their programmes. Behaviour and safeguarding are a strength in both schools. There is regular external scrutiny of safeguarding by the LGBs and the Trust Chair. Most students demonstrate improved behaviour and attendance compared to their behaviour and attendance in their referring schools. Pupils' make progress from their starting points on entry with some making accelerated progress. Attainment at KS4 at Heybridge was in line with 2016/17, there was a slight dip at NEECA
- Benchmarking and comparisons with other PRUs can be problematic, but this has been done as far as possible both locally and nationally. Quality Assurance is undertaken on a regular basis through SLT monitoring and through LA, LGB and Trustee visits
- Leadership capacity has been developed through staff training, acting up opportunities, support to colleagues in sister school in the Trust. This has also improved consistency of systems across the Trust
- Work with the LA with regards to premises has made slow progress, but there is an assurance that the LA will provide a new school at Paxman Avenue and a new school on the Bishop Park site as well as premises at Chipping Hill for a Mid Primary base and refurbish and extension of the HCA site
- A curriculum map was presented to the Board in the summer term and was used to develop the Blueprint for vocational provision.

Other Highlights of 2017/18

- Expansion of the central services team, including employing an apprentice
- Managing the process for accepting a new school in to the Trust – Endeavour join the Trust on 1st December 2018
- Attracting high quality facilities management staff enabling us to complete a large amount of refresh and repair during the school holidays
- Consolidating all teaching and learning on to one site at Mile End for NE
- Renewing the IT infrastructure at Mile End
- Creating a single telephone system across the MAT
- Taking payroll in house for the Trust
- Ensuring that both schools were fully staffed for September

NEECA Highlights

- Art Exhibition at First Site
- Two staff completed their NQT year
- One senior leader completed 'Heading for Headship'
- Continued to develop and formalise relationship with GROW
- Primary offered full provision to majority of pupils
- Re-decoration of entrance hall and refurbishment of external covered walk way, partnership with prison
- Car park reorganised and refurbished, including installing bike sheds

HCA Highlights

- Post boxes for homeless project
- OAP Christmas dinner
- Introduction of 'Pop up Farm' on site
- Bike sheds installed
- Two staff completed 'Heading for Headship'
- One pupil joined Army cadets, March 2018
- Started TM/quiet time initiative with staff
- Art project award from Blackwater Trust for second year running

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

At the end of the year the board of Trustees agreed that we would no longer operate out of premises at Green Lodge from September 2018, meaning that all pupils at North East Essex Co-operative Academy would be taught either off-site or at the Colchester campus.

d. INVESTMENT POLICY AND PERFORMANCE

Trustees maximise income as far as possible and have an investment policy to manage, control and track their financial exposure and ensure value for money. A high interest or deposit account is maintained, in addition to the normal current account and surplus balances are, as far as possible, transferred to the higher interest deposit account.

The board of trustees follow the Charity Commission's guidance (CC14 Charities and investment matters: a guide for trustees) and will seek ESFA prior approval for investments which are novel and/or contentious.

For the period ended 31st August 2018, the Trust's cash balances generated a return of £2,956.

Financial review

a. RESERVES POLICY

CAPITAL

Purpose

The Trustees of Keys Co-operative Academy Trust (KCAT) require its Academies to budget for creating a reserve from their annual GAG funding to be earmarked for future capital expenditure.

The expected amount of capital reserves to be budgeted for will vary between academies and will be approved by Trustees annually when the annual budget is agreed. Trustees will take in to consideration the amount of available revenue contingency within the budget balanced with the need for capital expenditure when deciding upon this figure.

Academies are expected to bid for capital improvement funding, with a view to being able to contribute at least a 10% contribution towards any capital project.

Scope

The Chief Operating and Financial Officer (COFO), in conjunction with the Chief Operating and Financial Officer (CEO), is responsible for ensuring compliance with Keys Co-operative Academy Trust's Policies and Procedures.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Procedure

- The COFO should propose a capital reserve schedule to the Trustees identifying the need to replace assets and the related sums required.
- The Trustees should agree the value of capital reserves to be created in a year as part of the budget approval process.
- Funds should be transferred to a separate bank account at such a time that is clear that to do so would not create a deficit cash flow situation.
- Any separate bank account should have access within 30 days in order to ensure any “unknown” major expenditure can be moved to the current account in order to ensure cash flow does not indicate a deficit.
- Spend of the capital reserve fund should only occur as agreed budgeted spend which is approved by the Governors as part of the budget process.

REVENUE

Purpose

Academies are expected to hold contingency reserves from their annual GAG funding or other income.

The Trustees require a revenue reserve to be created to fund future expenditure related to the Academy Development Plan’s strategic long-term aims and developments. This will be known as the School Development Fund.

Scope

The COFO, in conjunction with the CEO, is responsible for ensuring compliance with KCAT’s Policies and Procedures.

Procedure

The policy of the Academy is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE.

This Policy will be reviewed by the Resources Committee on a 3-yearly cycle

EARMARKED RESERVES

Two of the Academies in our Trust are Alternative Provision, and our aim for these schools is to enhance our provision by increasing the number of hours that we are able to teach children on site. Unfortunately due to restricted accommodation we have been unable to offer a full time provision to our pupils as we do not have the classroom space. This reduction in provision has resulted in a reserve being accumulated due to lower than expected staffing costs.

The Local Authority adopted a capital build project in 2015 to expand the SEND offer in Essex and to refresh, extend or replace PRU premises. Capital funding has been allocated to the PRU buildings but our projects are not due to commence until 2019/20. The plan is for the following expansion :- expanding premises at the Heybridge site, opening a mid-Essex primary site and opening two brand new schools in Colchester and Tendring to serve the NEECA area. In consultation with the Local Authority, we have adopted a prudent policy of protecting our reserves so that we are able to contribute to the funding envelope available for each of our projects.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

We are still planning to complete these projects with the Local Authority and expect them all to be completed by 2021, at which time we will require more staff as we extend the numbers of pupils on roll and extend our curriculum offer. In future years, with the increase in staffing costs and associated cost with additional buildings, we do not expect to accumulate such a significant reserve.

Therefore the levels of reserves are as a result of three main things: savings towards a capital programme, staffing savings due to capacity issues (but not at children's expense as timetables have been managed to support individual's needs) and waiting for LA decisions on SEND capital PRU programme.

Contingency (less than 1 month Salaries)	£350,000
2018/19 Urgent Capital Projects CIF/ICT Contributions	£488,546
Development of Chipping Hill Site (Mid Primary) (2019/20)	£500,000
Development of Paxman Avenue Site (New Colchester School) (2020/21)	£750,000
Development of Heybridge Site	£1,200,000
School/MAT Development Budget	£208,010

b. PRINCIPAL RISKS AND UNCERTAINTIES

The most significant risk to the trust is the uncertainty of future funding, in particular the impact of a review to alternative provision funding, if this led to an overall decrease in revenue funding.

c. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Keys Co-operative Academy Trust has subscribed to a Governance Risk and Compliance Software package which has helped the CEO and Trustees to identify and manage risk. The Trustees have also recently completed a self-assessment for risk management and will be incorporating the findings and recommendations of this in to a risk register.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees have set up an Audit committee, which is currently incorporated in to the Trust's resources committee. The Audit Committee are responsible for the following:

1. To consider the appointment of the external auditor and assess independence of the external auditor, ensuring that key audit personnel are rotated at appropriate intervals.
2. To recommend the audit fees to the Board and pre-approve any fees in excess of £10,000 in respect of non-audit services provided by the external auditor and to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity.
3. To oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the members of the Trust to consider at any general meeting where the accounts are laid before members.
4. To discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor receives the fullest co-operation.
5. To review the external auditor's annual management letter and all other reports and recommendations, together with the appropriateness of management's response.
6. To review the performance of the external auditor on an annual basis.
7. To recommend to the Board the appointment/re-appointment of the external auditor.
8. To review and consider the circumstances surrounding any resignation or dismissal of the external auditor. Internal Audit
9. To set and review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Trust.
10. To review the reports and recommendations of the internal audit, together with the appropriateness of management's response.
11. To monitor the implementation of action agreed by management in response to reports from the external auditor internal audits. Financial Management & Policies
12. To keep under review the Trust's financial management and reporting arrangements, providing constructive challenge (where necessary) to the actions and judgements of management in relation to the interim management and financial accounts, statements and reports and the annual accounts and financial statements, prior to submission to the Board, paying particular attention to:
 - critical accounting policies and practices, and any changes in them
 - decisions requiring a major element of judgement
 - the extent to which the financial statements are affected by any unusual or complex transactions in the year and how they are disclosed
 - the clarity and transparency of disclosures
 - significant adjustments resulting from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with DfE and legal requirements
13. To review the Trust's policy and procedures for handling allegations from whistleblowers.
14. To review the Trust's policies and procedures for handling allegations of fraud, bribery and corruption.
15. To receive reports on the outcome of investigations of suspected or alleged impropriety.
16. To review the adequacy of policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.
17. To ensure that any significant losses are investigated and reported to the DfE/ESFA where required.
18. To review the Trust's risk management policy, strategy, processes and procedures for the identification, assessment, evaluation, management and reporting of risks.
19. To review the adequacy and robustness of risk registers.
20. To keep under review the adequacy and effectiveness of the Trust's governance, risk management and internal control arrangements, as well as its arrangements for securing value for money, through reports and assurances received from management, internal audit, the external auditor and any other relevant independent assurances or reports (eg from the National Audit Office).
21. To review all risk and control related disclosure statements, in particular the Trust's annual "Statement on Internal Control", together with any associated reports and opinions from management, the external and internal auditors, prior to endorsement by the Trust Board. To review any recommendations made by the Secretary of State for Education for improving the financial management of the Academies.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

d. PRINCIPAL FUNDING

The vast majority of funding received by Keys Co-operative Academy Trust is designated funds from both the ESFA and Local Authority.

As both schools in the Trust are alternative provision pupil referral units there is also a significant stream of income from referring schools who transfer funding when a referral is made.

Fundraising

There have been no fundraising activities in 2017/18.

Plans for future periods

a. FUTURE DEVELOPMENTS

We are planning for Endeavour Special School to join our Trust in December 2018.

The local authority have proposed plans for two new build PRUs to be built in Colchester and Tendring using PRU development funding, which will either be in replacement or in addition to the existing NEECA Colchester Campus.

In addition to the new-build schools the Local Authority have discussed an allocation of PRU development funding to Heybridge Co-operative Academy for refurbishment and extension. The Trustees propose to contribute some of the reserves held to this project.

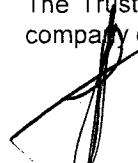
A new site in Witham has been identified by the local authority as a potential site to offer primary provision in mid-Essex.


DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 12 December 2018 and signed on its behalf by:


R Ayling
Chair of Trustees


P Cozens
Trustee

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Keys Co-Operative 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.

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Keys Co-Operative 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 5 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
R Abo-Henriksen	5	5
R Ayling	5	5
J Brindle	3	5
K Byatt	3	5
P Cozens	5	5
R Gregory	3	5
S Whitfield	4	5
A Mugford	2	2

Andrew Mugford resigned from the board of Trustees during the year and was replaced by Philomena Cozens (CEO) as she was not a Trustee when the Trust was first incorporated.

The Resources Committee is a sub-committee of the main board of trustees. Its purpose is to consider, recommend and in some cases approve finance, premises, Health and Safety, Asset Management, personnel and Audit matters

The resources committee has formally met 3 times during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Brindle	3	3
R Ayling	3	3
K Byatt	3	3
P Cozens	3	3

REVIEW OF VALUE FOR MONEY

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

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

As Accounting Officer, the Principal 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

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GOVERNANCE STATEMENT (continued)

wider societal outcomes achieved in return for the taxpayer resources received.

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

- Centralisation of support services
- Competitive quotations for achieve best pricing for larger purchases
- The use of framework agreements for purchasing

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Keys Co-Operative Academy Trust for the year 1 September 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of 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 Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have commissioned EES for Schools to perform internal reviews.

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GOVERNANCE STATEMENT (continued)

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

Visit 1

A – Governance and Financial Management:

- Financial Oversight
- Financial Planning and Monitoring
- Transparency
- Gifts (received and given)
- Expenses
- Risk Management
- Internal Scrutiny
- Data Protection
- VAT

B – Banking:

- Internal Control
- Cash Management

C – Payroll and Expenses:

- Payroll Processing
- Mileage and Subsistence Payments

Visit 2

D – Governance and Financial Reporting:

- Budget Monitoring
- Reporting to Trustees
- Internal Control
- Internal Scrutiny
- Financial Management & Governance Self-Assessment (newly formed multi academy trusts only)

E – Income:

- Receipt of Payments from Students and Parents
- Generated Income
- Internal Control – (Income Sample)

F – Assets:

- Fixed Assets & Inventory
- Disposals

G – Payroll:

- Payments for Additional Hours Worked
- Payroll Processing

Visit 3

H – Governance and Financial Accounting:

- Internal Scrutiny
- Internal Control

I – Expenditure:

- Internal Procedure
- Proper and Regular Use of Public Funds
- Internal Control
- Related Parties
- Tax Implications

J – Payroll:

- Payroll Processing
- Special Payments

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

On a termly basis, the COFO reports to the board of trustees through the Resources Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal 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 auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on their behalf, by:



R Ayling
Chair of Trustees



P Cozens
Accounting Officer

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Keys Co-Operative Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

- The Trust engaged in related party transactions exceeding £2,500 without obtaining the required statement of assurance.



P Cozens
Accounting Officer

Date: 12 December 2018

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



R Ayling
Chair of Trustees

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KEYS
CO-OPERATIVE ACADEMY TRUST**

OPINION

We have audited the financial statements of Keys Co-Operative Academy Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the 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

KEYS CO-OPERATIVE ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KEYS
CO-OPERATIVE ACADEMY TRUST**

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.

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

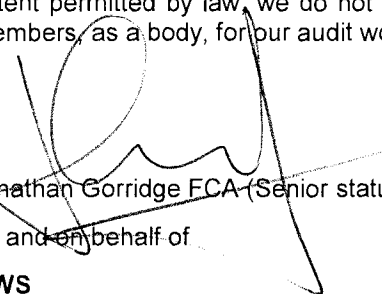
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

KEYS CO-OPERATIVE ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KEYS
CO-OPERATIVE ACADEMY TRUST**

USE OF OUR REPORT

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


Jonathan Gorridge FCA (Senior statutory auditor)

for and on behalf of

MWS

Chartered Accountants
Statutory Auditor

Kingsridge House
601 London Road
Westcliff on sea
Essex
SS0 9PE
19 December 2018

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KEYS CO-OPERATIVE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 8 November 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Keys Co-Operative Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF KEYS CO-OPERATIVE ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Keys Co-Operative Academy Trust's funding agreement with the Secretary of State for Education dated 22 June 2017, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

Based upon our risk assessment of material non-compliance, we carried out detailed testing of the specific income streams from the ESFA, and the related expenditure streams, to which specific conditions had been attached.

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KEYS CO-OPERATIVE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

We evaluated the control environment of the Academy Trust, extending the procedures required for the financial statements to include regularity. We tested a sample of the specific control activities over regularity of particular activities. We confirmed that the Academy Trust had not entered into any borrowing arrangements. We carried out substantive testing of fixed assets to confirm that no sales of any assets had taken place. We reviewed cash payments made by the school for any unusual transactions and verified the nature of said transactions. We reviewed the list of suppliers to consider whether any supplies were made by related parties connected to the Principal, Finance Manager or any Governor. We reviewed the nature and terms of any lettings to ensure that any lettings made to any related parties were made at the normal third party rates and not on any favourable terms.

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- The Trust engaged in related party transactions exceeding £2,500 without obtaining the required statement of assurance.



MWS

Chartered Accountants

Kingsridge House
601 London Road
Westcliff on sea
Essex
SS0 9PE

19 December 2018

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
INCOME FROM:				
Donations & capital grants:				
Transfer from local authority on conversion	2	2,668,653	(2,161,000)	4,940,708
Other donations and capital grants	2	-	-	12,348
Charitable activities	3	1,217,966	4,934,239	-
Other trading activities	4	5,255	-	-
Investments	5	2,956	-	-
TOTAL INCOME	3,894,830	2,773,239	4,953,056	11,621,125
EXPENDITURE ON:				
Charitable activities		253	5,556,608	115,535
TOTAL EXPENDITURE	6	253	5,556,608	115,535
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		3,894,577	(2,783,369)	4,837,521
Transfers between Funds	17	(461,433)	438,781	22,652
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		3,433,144	(2,344,588)	4,860,173
Actuarial gains on defined benefit pension schemes	23	-	349,000	-
NET MOVEMENT IN FUNDS		3,433,144	(1,995,588)	4,860,173
RECONCILIATION OF FUNDS:				
Total funds brought forward		-	-	-
TOTAL FUNDS CARRIED FORWARD		3,433,144	(1,995,588)	4,860,173

All of the academy's activities derive from acquisitions in the current financial year.


KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10831275

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £
FIXED ASSETS			
Tangible assets	14		4,851,192
CURRENT ASSETS			
Debtors	15	331,267	
Cash at bank and in hand		3,367,216	
		<u>3,698,483</u>	
CREDITORS: amounts falling due within one year	16	(192,946)	
NET CURRENT ASSETS			<u>3,505,537</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,356,729
Defined benefit pension scheme liability	23		(2,059,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>6,297,729</u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	17	63,412	
Restricted fixed asset funds	17	4,860,173	
		<u>4,923,585</u>	
Restricted income funds excluding pension liability		4,923,585	
Pension reserve		(2,059,000)	
		<u>2,864,585</u>	
Total restricted income funds			2,864,585
Unrestricted income funds	17		3,433,144
TOTAL FUNDS			<u>6,297,729</u>

The financial statements on pages 24 to 49 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:


R Ayling
Chair of Trustees


P Cozens
Trustee

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £
Cash flows from operating activities		
Net cash provided by operating activities	20	<u>3,398,291</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments		2,956
Purchase of tangible fixed assets		(46,379)
Capital grants from DfE Group		12,348
		<u>(31,075)</u>
Net cash used in investing activities		(31,075)
Change in cash and cash equivalents in the year		3,367,216
Cash and cash equivalents brought forward		<u>-</u>
Cash and cash equivalents carried forward	21	<u><u>3,367,216</u></u>

All of the cash flows are derived from acquisitions in the current financial year.

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Keys Co-Operative Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

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 those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	Buildings 2% straight line, land is depreciated over the life of the lease
Furniture and fixtures	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	3 years straight line

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

1.6 Operating leases

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

1.7 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.

1.8 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.

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.11 Taxation

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

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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

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

1.13 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the Local Authority to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Land and buildings have been included at an estimate of fair value using depreciated replacement cost as prescribed by Charities SORP (FRS102). An independent valuation was conducted by the Local Authority prior to conversion which has been used as the basis for the amounts included.

The Trust also inherited a defined benefit pension deficit as a result of the conversion process. The value of this deficit was determined by an independent actuary.

Further details of the transaction are set out in note 22.

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 funders where the asset acquired or created is held for a specific purpose.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.15 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The only critical area of judgement other than the LGPS pension scheme liability is that of depreciation; rates of which are chosen where considered reasonable for the types of asset in question.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Transfer from local authority on conversion	2,668,653	(2,161,000)	4,940,708	5,448,361
Government grants	-	-	12,348	12,348
	<u>2,668,653</u>	<u>(2,161,000)</u>	<u>4,953,056</u>	<u>5,460,709</u>

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	2,670,000	2,670,000
Other DfE/ESFA grants	-	98,557	98,557
	<u>-</u>	<u>2,768,557</u>	<u>2,768,557</u>
Other government grants			
Local authority grants	-	2,164,802	2,164,802
	<u>-</u>	<u>2,164,802</u>	<u>2,164,802</u>
Other funding			
Referral fees	1,192,966	-	1,192,966
Other income	25,000	-	25,000
Other grants	-	880	880
	<u>1,217,966</u>	<u>880</u>	<u>1,218,846</u>
	<u><u>1,217,966</u></u>	<u><u>4,934,239</u></u>	<u><u>6,152,205</u></u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Other income	5,255	-	5,255
	<u><u>5,255</u></u>	<u><u>-</u></u>	<u><u>5,255</u></u>

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Short term deposits	2,956	-	2,956
	<u><u>2,956</u></u>	<u><u>-</u></u>	<u><u>2,956</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £
Educational Operations:				
Direct costs	3,843,919	-	428,207	4,272,126
Support costs	758,477	238,745	403,048	1,400,270
	<u>4,602,396</u>	<u>238,745</u>	<u>831,255</u>	<u>5,672,396</u>

7. SUPPORT COSTS

	Educational Operations £	Total 2018 £
Pension income	53,000	53,000
Governance costs	12,252	12,252
Equipment maintenance	21,308	21,308
Technology costs	33,174	33,174
Recruitment and support	4,815	4,815
Maintenance of premises	40,999	40,999
Cleaning	41,244	41,244
Rent and rates	3,513	3,513
Energy costs	25,447	25,447
Insurance	12,008	12,008
Security and transport	141,613	141,613
Catering	21,003	21,003
Bank interest and charges	1,317	1,317
Indirect staff costs	434	434
Other support costs	114,131	114,131
Wages and salaries	330,604	330,604
National insurance	28,873	28,873
Pension cost	399,000	399,000
Depreciation	115,535	115,535
	<u>1,400,270</u>	<u>1,400,270</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £
Depreciation of tangible fixed assets:	
- owned by the charity	115,535
Auditors' remuneration - audit	12,000
Operating lease rentals	1,370
	<u>128,905</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £
Wages and salaries	3,434,044
Social security costs	369,987
Operating costs of defined benefit pension schemes	769,721
	4,573,752
Agency staff costs	20,544
Staff restructuring costs	8,100
	4,602,396

Staff restructuring costs comprise:

	2018 £
Severance payments	8,100
	8,100

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payment totalling £8,100. The payment was made on 5 March 2018.

c. Staff numbers

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

	2018 No.
Teachers	54
Administration and support	62
Management	14
	130

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS (continued)

d. Higher paid staff

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

	2018
	No.
In the band £60,001 - £70,000	3
In the band £90,001 - £100,000	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these employees amounted to £46,531.

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £319,397.

10. CENTRAL SERVICES

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

- Staff costs
- Professional fees
- Computer equipment and licences
- Finance and HR support
- Academy conversion expenses

The academy charges for these services on the following basis:

Central service costs are charged equally to both academies within the trust.

The actual amounts charged during the year were as follows:

	2018
	£
North East Essex Co-Operative Academy	207,996
Heybridge Co-Operative Academy	207,996
Total	415,992

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**NOTES TO THE FINANCIAL STATEMENTS
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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 other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £
P Cozens	Remuneration	95,000-100,000
	Pension contributions paid	15,000-20,000

During the year ended 31 August 2018, expenses totalling £1,912 were reimbursed to 4 Trustees.

12. OTHER FINANCE INCOME

	2018 £
Interest income on pension scheme assets	36,000
Interest on pension scheme liabilities	(89,000)
	(53,000)
	(53,000)

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost				
Additions	-	15,390	30,989	46,379
Inherited on conversion	4,871,000	524	48,824	4,920,348
At 31 August 2018	4,871,000	15,914	79,813	4,966,727
Depreciation				
Charge for the year	91,032	2,642	21,861	115,535
At 31 August 2018	91,032	2,642	21,861	115,535
Net book value				
At 31 August 2018	4,779,968	13,272	57,952	4,851,192

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. DEBTORS

	2018 £
Trade debtors	143,569
Other debtors	28,225
Prepayments and accrued income	159,473
	331,267
	331,267

16. CREDITORS: Amounts falling due within one year

	2018 £
Trade creditors	20,496
Other taxation and social security	83,527
Other creditors	71,520
Accruals and deferred income	17,403
	192,946
	192,946

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Heybridge Co-operative Academy	-	2,625,902	-	(80,551)	-	2,545,351
North East Essex Co-operative Academy	-	1,229,895	-	(378,117)	-	851,778
Central funds	-	39,033	(253)	(2,765)	-	36,015
	-	3,894,830	(253)	(461,433)	-	3,433,144
Restricted funds						
General Annual Grant (GAG)	-	2,670,000	(2,903,781)	233,781	-	-
Other DfE/ESFA grants	-	98,557	(85,971)	-	-	12,586
Local Authority Grants	-	2,164,802	(2,113,976)	-	-	50,826
Other grants	-	880	(880)	-	-	-
Pension reserve	-	(2,161,000)	(452,000)	205,000	349,000	(2,059,000)
	-	2,773,239	(5,556,608)	438,781	349,000	(1,995,588)
	-	2,773,239	(5,556,608)	438,781	349,000	(1,995,588)

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Inherited fixed assets	-	4,920,348	(107,438)	-	-	4,812,910
DfE/ESFA Capital Grants	-	32,708	(8,097)	-	-	24,611
Assets purchased from GAG	-	-	-	22,652	-	22,652
	-	4,953,056	(115,535)	22,652	-	4,860,173
Total restricted funds	-	7,726,295	(5,672,143)	461,433	349,000	2,864,585
Total of funds	-	11,621,125	(5,672,396)	-	349,000	6,297,729

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

Restricted general funds and other restricted funds

These relate to the Academy's development and operational activities.

Restricted fixed asset fund

These grants relate to capital funding to carry out works of a capital nature

Pension reserve

The pension reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme

Unrestricted funds

These funds relate to amounts generated or acquired with no restricted covenants attached to them other than for use within the charitable objects of the Academy.

Restriction on GAG carry forward

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £
Central	86,842
Heybridge Co-operative Academy	2,549,559
North East Essex Co-operative Academy	860,155
Total before fixed asset fund and pension reserve	<u>3,496,556</u>
Restricted fixed asset fund	4,860,173
Pension reserve	(2,059,000)
Total	<u><u>6,297,729</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £
Central	131,503	230,457	1,201	87,707	450,868
Heybridge Co-operative Academy	1,633,850	162,885	218,959	176,825	2,192,519
North East Essex Co-operative Academy	2,114,043	382,658	186,504	230,269	2,913,474
	<u>3,879,396</u>	<u>776,000</u>	<u>406,664</u>	<u>494,801</u>	<u>5,556,861</u>

18. TRANSFER BETWEEN FUNDS

Funds have been transferred in respect of the following;

£205,000 has been transferred from unrestricted funds to the restricted pension reserve as pension contributions paid, on behalf of employees, into the LGPS.

£22,652 has been transferred from restricted funds to restricted fixed asset funds representing assets purchased using the General Annual Grant (GAG).

£256,433 has been transferred to General Annual Grant (GAG) from unrestricted funds to cover deficits on this fund.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	4,851,192	4,851,192
Current assets	3,433,144	256,359	8,981	3,698,484
Creditors due within one year	-	(192,947)	-	(192,947)
Provisions for liabilities and charges	-	(2,059,000)	-	(2,059,000)
	<u>3,433,144</u>	<u>(1,995,588)</u>	<u>4,860,173</u>	<u>6,297,729</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018 £
Net income for the year (as per Statement of Financial Activities)	5,948,729
Adjustment for:	
Depreciation charges	115,535
Dividends, interest and rents from investments	(2,956)
Increase in debtors	(331,267)
Increase in creditors	192,946
Capital grants from DfE and other capital income	(12,348)
Defined benefit pension scheme obligation inherited	2,161,000
Defined benefit pension scheme cost less contributions payable	247,000
Tangible fixed assets transferred from local authority on conversion	(4,920,348)
	3,398,291
Net cash provided by operating activities	3,398,291

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £
Cash in hand	3,367,216
Total	3,367,216

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NOTES TO THE FINANCIAL STATEMENTS
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22. CONVERSION TO AN ACADEMY TRUST

On 1 September 2017 Heybridge Alternative Provision School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Keys Co-Operative Academy Trust from Essex County council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- leasehold land and buildings	-	-	2,206,000	2,206,000
- Other tangible fixed assets	-	-	17,781	17,781
Budget surplus on LA funds	2,122,085	-	20,360	2,142,445
Budget surplus on LA central funds	33,067	-	-	33,067
LGPS pension deficit	-	(674,000)	-	(674,000)
Net assets/(liabilities)	<u>2,155,152</u>	<u>(674,000)</u>	<u>2,244,141</u>	<u>3,725,293</u>

The above net assets include £2,142,445 that were transferred as cash.

On conversion the leasehold land and buildings were transferred to the Academy Trust from the Local Authority on a 125 year lease.

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NOTES TO THE FINANCIAL STATEMENTS
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On 1 September 2017 North East Essex Additional Provision School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Keys Co-Operative Academy Trust from Essex County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- leasehold land and buildings	-	-	2,640,000	2,640,000
- Other tangible fixed assets	-	-	56,567	56,567
Budget surplus on LA funds	513,500	-	-	513,500
LGPS pension deficit	-	(1,487,000)	-	(1,487,000)
Net assets/(liabilities)	<u>513,500</u>	<u>(1,487,000)</u>	<u>2,696,567</u>	<u>1,723,067</u>

The above net assets include £513,500 that were transferred as cash.

On conversion the leasehold land and buildings were transferred to the Academy Trust from the Local Authority on a 125 year lease.

23. PENSION COMMITMENTS

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

As described in note 22 the LGPS obligation relates to the employees of the academy trust, 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 trust at the balance sheet date.

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

Contributions amounting to £70,253 were payable to the schemes at 31 August 2018 and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £371,000.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £260,000, of which employer's contributions totalled £205,000, and employees' contributions totalled £55,000. The agreed contribution rates for future years are 22.6% to 23.0% for employers and 5.5% to 7.5% for employees.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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:

	2018
Discount rate for scheme liabilities	2.68 %
Rate of increase in salaries	3.80 %
Rate of increase for pensions in payment / inflation	2.30 %
Inflation assumption (CPI)	2.30 %
RPI Increases	3.30 %

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

	2018
Retiring today	
Males	22.3
Females	24.8
Retiring in 20 years	
Males	24.5
Females	27.1

	At 31 August 2018 £
Sensitivity analysis	
Discount rate +0.1%	3,575,000
Discount rate -0.1%	3,775,000
Mortality assumption - 1 year increase	3,795,000
Mortality assumption - 1 year decrease	3,557,000
CPI rate +0.1%	3,575,000
CPI rate -0.1%	3,775,000

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

	Fair value at 31 August 2018 £
Equities	721,000
Gilts	87,000
Other bonds	94,000
Property	144,000
Cash	55,000
Alternative assets	145,000
Other managed funds	63,000
Total market value of assets	1,309,000

The actual return on scheme assets was £89,000.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

The expected return on assets is based on the long-term future expected investment return for each asset classes as at the beginning of the period (i.e. as at 1 September 2017) for the year to 31 August 2018. The returns on gilts and other bonds are assumed to be the gilt yield and the corporate bond yield (with an allowance for defaults) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

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

	2018 £
Current service cost	(399,000)
Interest income	36,000
Interest cost	(89,000)
	(452,000)
Total	(452,000)

Movements in the present value of the defined benefit obligation were as follows:

	2018 £
Opening defined benefit obligation	3,488,000
Current service cost	399,000
Interest cost	89,000
Employee contributions	55,000
Actuarial gains	(296,000)
Benefits paid	(61,000)
	3,674,000
Closing defined benefit obligation	3,674,000

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

	2018 £
Opening fair value of scheme assets	1,327,000
Interest income	36,000
Actuarial losses	53,000
Employer contributions	205,000
Employee contributions	55,000
Benefits paid	(61,000)
	1,615,000
Closing fair value of scheme assets	1,615,000

KEYS CO-OPERATIVE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £
Amounts payable:	
Within 1 year	4,697
Between 1 and 5 years	8,025
Total	<u>12,722</u>

25. MEMBERS' LIABILITY

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

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26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Chelmsford Learning Partnership (formerly The Boswells Academy Trust) - A Trust in which R Ayling is also a Member:

For the year ending 31 August 2018 the Keys Co-Operative Academy Trust acted as a pupil referral unit for the above academy and included within referral fees is £56,320 in respect of this arrangement.

There were no amounts outstanding at the year end.

The transactions were conducted at arms' length on the same commercial terms as other Academies using the Keys Co-Operative Academy Trust.

In entering into these transactions the trust has complied with the requirements of ESFA's Academies Financial Handbook.

The Sigma Trust - A multi academy trust in which J Brindle is the Chief Executive Officer

For the year ending 31 August 2018 the Keys Co-Operative Academy Trust acted as a pupil referral unit for the above Trust and included within referral fees is £227,683 in respect of this arrangement.

Included within trade debtors there is £36,629 due from The Sigma Trust.

The transactions were conducted at arms' length on the same commercial terms as other Academies using the Keys Co-Operative Academy Trust.

In entering into these transactions the trust has complied with the requirements of ESFA's Academies Financial Handbook.

YMCA Essex - A company in which A Drake is the Managing Director.

For the year ending 31 August 2018 the Keys Co-Operative Academy Trust used the above company for offsite alternative provision programmes included within educational supplies is £5,590 in respect of this arrangement.

There were no amounts outstanding at the year end.

No statement of assurance has been obtained from A Drake and therefore the trust has not complied fully with the requirements of ESFA's Academies Financial Handbook.

Rallysport Engineering Academy – A company in which S Nagel is a director:

For the year ending 31 August 2018 the Keys Co-Operative Academy Trust used the above company for offsite alternative provision programmes included within educational supplies is £78,042 in respect of this arrangement.

There were no amounts outstanding at the year end.

No statement of assurance has been obtained from S Nagel and therefore the trust has not complied fully with the requirements of ESFA's Academies Financial Handbook.

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(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

27. POST BALANCE SHEET EVENTS

In December 2018 The Endeavour School converted to Academy status and joined Keys Co-operative Academy Trust. All assets and liabilities on conversion were transferred into the Academy Trust from this date.

Formal valuations have not yet been undertaken on the constituent assets and liabilities therefore the financial impact of this cannot yet be quantified.

A funding agreement for the above Academy was also issued by the ESFA on conversion outlining their commitment to future funding.

28. CONTROLLING PARTY

There is no ultimate controlling party.