

Company Registration Number: 08803983 (England & Wales)

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

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

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

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KING'S CROSS ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Clara Freeman
Michael Freeman
Sir David Clementi
Robert Evans, Chair of Governors

Trustees

Robert Evans, Chair of Governors¹
Michael Lightbound, Vice chair of Governors and Chair of Finance Committee¹
Emyr Fairburn, Head teacher and Accounting Officer¹
Anita Sadler, Chair of HR Committee (resigned 23 October 2018)
Angela Jewell, Chair of Conditions for Learning Committee
Michael Freeman, Chair of Teaching and Learning Committee
Dame Jane Roberts
Jonathan Barratt¹
Louise Johns-Shepherd
Kay Baxter
Leanne Keltie
Joshua McAlister
Antje Saunders

¹ denotes member of Finance Committee

Company registered number

08803983

Company name

King's Cross Academy Trust

Registered office

4 Stable Street, King's Cross, London, N1C 4AB

Principal operating office

4 Wollstonecraft Street, King's Cross, London, N1C 4BT

Senior management team

Emyr Fairburn, Headteacher
Angela Scheffer, Business Manager
Kay Baxter, Deputy Headteacher

Independent auditors

Landau Baker Limited, 154 Brent Street, London, NW4 2DR

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

Bankers

Barclays, Colmore Row, Birmingham

Solicitors

Bates Wells, Braithwaite, 10 Queen Street Place, London, EC4R 1BE

KING'S CROSS ACADEMY TRUST
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Governors' 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 and articles of Association is the primary governing document of the Academy.

The Governors of King's Cross Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as King's Cross Academy.

Details of the Governors who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

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. Trustees' indemnities

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Governors

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the articles of association and funding agreement:

- up to 11 Governors appointed by King's Cross Central Limited Partnership (KCCLP);
- up to 1 Governor appointed by the London Borough of Camden and approved by the Governors;
- a minimum of 2 Parent Governors (elected by parents of registered pupils at the Academy and must be a parent of a pupil at the Academy at the time of the election);
- the Head teacher;
- up to 2 staff Governors (the number of staff governors should not exceed one third of the total number of governors, including the head); and
- up to 3 co-opted Governors appointed by the Governors.

The term of office for any governor is **3-4** years. The Head Teacher's term of office runs parallel with his term of appointment. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected.

e. Policies adopted for the induction and training of Governors

The training and induction provided for new governors will depend on their individual experience and expertise. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

f. Organisational structure

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the governors and the executive who are the senior leadership team.

The governing body has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The Head Teacher is directly responsible for the day to day running of the academy and is assisted by a senior leadership team.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

The Head Teacher assumes the accounting officer role.

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

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

Key management personnel are considered to be the members of the governing body and the senior leadership team. No member of the governing body receives remuneration for their role of a governor. Staff governors receive remuneration from the School for their roles in the School itself.

The Recruitment Selection Committee shall determine the salary point on the Head teacher Pay Range (HTPR) to be paid by calculating annually the appropriate unit total of the Academy. The Academy may decide to pay additional payments to the Head teacher in accordance with paragraphs 10 of the STPC Document. The pay ranges for a Deputy Head teacher shall be determined with reference to the Academy's HTPR as defined by the STPC document.

The Academy will delegate the day to day management of the policy to the Head teacher in consultation with the Chair of the Academy. The Head teacher will report to the Academy those occasions when the delegated responsibility has been exercised in respect of the discretionary elements of the STPC Document and the pay provisions for support staff.

The Head teacher shall make annual recommendations on the salary of all staff to the HR committee of the Academy.

h. Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time	£
Total cost of facility time	-
Total pay bill	1,267,310
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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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

i. Related parties and other connected charities and organisations

The King's Cross Academy Trust is a single Academy Trust and acts as a strategic body helping to promote and assist education at the school.

There are no connected organisations or related party relationships other than those noted in note 21 to the financial statements.

Objectives and activities

a. Objects and aims

The principal object and activity of the Academy is the provision of primary education for pupils between the ages of 3 and 11.

In accordance with the articles of association the Academy has adopted a funding agreement approved by the Secretary of State for Education. The funding agreement specifies amongst other things, the basis for admitting pupils to the Academy and that the Academy provide a broad and balanced curriculum.

The aims of the King's Cross Academy are as follows:

- To develop our pupils as highly successful life-long learners.
- To create a positive environment which recognises the achievements of all members of the Academy community.
- To have a learning environment where adults and children review and celebrate achievement and where independence leads to success.
- To promote a welcoming and relaxed classroom climate where everyone feels secure, confident and able to achieve their full potential.
- To create a calm and orderly Academy which is safe, happy and where all are respected, valued and welcomed.
- To create an environment where communication and decision-making is Open and effective throughout the whole Academy community, and which promotes learning.
- To help each member of our community develop a sensitive, tolerant and caring attitude; balancing individual needs with those of the wider group.
- To value the cultural, moral and social diversity of the whole Academy community.
- To provide equal opportunities for all pupils to reach their full potential and the highest possible standards of personal and academic achievement.
- To establish close partnerships with parents through regular home/Academy links and contacts.
- To ensure the provision of adequate time and appropriate resources to help pupils develop the skills necessary for future progression.
- To inspire, excite and transform learning.
- To draw upon the exceptional facilities of the Academy and its unique relationships with world class businesses and organisations.

The principal object of the Academy is 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 an Academy offering a broad and balanced curriculum.

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

Objectives and activities (continued)

b. Objectives, strategies and activities

The Academy's main strategy is encompassed in its vision statements which is 'Love Learning Together'. Developing individuals as active learners and thereby promoting high achievement and learning for life by:

- Being effective in our teaching so as to develop a child's intellect, experience and imagination, and to create an awareness of moral values and sense of purpose.
- Valuing every child as an individual with needs and aspirations who can make a distinct contribution to the life of the Academy.
- Providing a stimulating and well-resourced environment in which children's achievements are celebrated and shared.

Encouraging the children to accept responsibility for their behaviour and their learning.

- Encouraging everyone to have an understanding, and tolerance of different religions, cultures, societies and people.
- Continually promoting a rapport between pupil, all staff groups and parents. Having high expectations of work and behaviour.

Criteria / measures used to assess Success in the reporting period:

- Rapid and managed school development showing strong direction of travel towards Good or Outstanding status.
- Good level of development in the early years above local and national averages.
- Increased development and involvement with additional external providers to promote and extend learning opportunities for pupils and staff at the Academy.

c. Public benefit

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The Academy provides a state primary education to boys and girls aged 3 to 11 living in the local area. This Academy is specifically restricted to advance, for public benefit, education in the United Kingdom.

As an academy we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, national and international charities.
- Providing community space for local organisations to use, such as the school nurses to promote health

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

Strategic report

Achievements and performance

a. Key performance indicators

The Academy had its first Ofsted inspection in May 2018 and the overall effectiveness was Good. Effectiveness of leadership and management, personal development, behavior and welfare and early years provision were all outstanding. The school is "inclusive and exciting", "pupils have a zest for learning".

318 pupils had registered to start school in the autumn term 2019 and 131 (Nursery - 34 pupils, Reception - 37 pupils, Year 1 - 29 pupils, Year 2 - 12 pupils, Year 3 - 11 pupils, Year 4 - 8 pupils) pupils are on the waiting list. Staff had also been appointed for the newly opened year groups.

We currently have 13 teachers - one Nursery teacher, two Reception teachers, two Year 1 teachers, two Year 2 teachers, two Year 3 teachers, two Year 4 teachers, 1.8 teacher interventions, 0.8 language teacher, a Deputy Head and a Head teacher. We have 20 teaching support staff (2 Nursery Nurses, 13 Teaching Assistants, 1 Midday Assistant, 4 Play workers), 4 facilities support staff (Facilities Manager, Facilities apprentice, Chef and kitchen assistant) and 4 business team staff (Finance Officer, Business Administrator, Receptionist and Business Manager).

b. Going concern

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

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

Strategic report (continued)

(continued)

a. Financial review

During the period, ESFA/LA grants received totaled to £1,877,978 (2018: £1,688,576). Other income included within restricted funds totaled to £8,949 (2018: £655). Restricted fund expenditure totaled to £2,095,148 (2018: £1,774,280).

The main source of unrestricted income is donations, totaling to £64,247 (2018: £46,576). Fundraising activities during the period included lettings and catering.

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 8 month period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Academy has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

The Governors through the Finance Committee and Head Teacher receive financial progress reports throughout the year and compare against budgets submitted to the Education and Skills Funding Agency. The Finance Committee also review longer term financial models (up to 3 years) to plan and organise resources most effectively to fulfil the aims of the Academy.

At 31 August 2018 the net book value of fixed assets was £7,118,561 (2018: £7,191,691). Movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the School.

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with FRS 102. At 31 August 2019, the deficit stood at £340,000 (2018: £95,000). The existence of the pension scheme deficit does not mean an immediate liability crystallises and is addressed over a series of years through pension contributions recommended by the pension scheme actuaries doing subsequent triennial valuations of the scheme.

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

Strategic report (continued)

(continued)

b. Reserves policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (i.e. is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review at each Board meeting and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the Academy.

Total reserves at the end of the period amounted to £7,737,799 (2018: £7,682,638). This balance includes unrestricted funds (free reserves) of £64,247 (2018: 46,576), which is considered appropriate for the Academy Trust, and restricted funds of £2,095,148, which includes restricted fixed asset funds of £7,118,561 (2018: 7,191,691) and a pension deficit of £340,000 (2018: £95,000).

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

c. Investment policy

It should be noted that the Academy has substantial power with regards to investments due to cash balances held. Investment policies are determined by the Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academy to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2019, no investments were held.

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

Strategic report (continued)

(continued)

d. Principal risks and uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching and recruitment, health and safety, SEN provision and collaboration with Frank Barnes School) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2019. 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.

Fundraising

The School does no direct fundraising. The associated charity, Kings Cross Academy Parent and Teachers Association, raises funds which are donated by grant to the School as the Trustees of the Charity decide. Kings Cross Academy Parent and Teachers Association raises funds from only the wider School community of pupils, parents, friends, family and former pupils. It does not use any third parties to fundraise and limits its appeals to simple requests for donations.

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

Plans for future periods

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

Further development and testing of the pupil tracking and assessment software in the absence of levels will be undertaken and then rolled out across the Academy Trust to engender rigorous and consistent assessment and reporting of achievement and progression.

Further embedding of more consistent and focused Academy Trust Health and Safety monitoring, risk management and financial reporting processes will bring these aspects of the Academy Trusts operations under increased assurance and mitigation control.

The Academy Trust expects to grow further in 2019/20 by a further 60 pupils and will continue to do so until it reaches capacity with 446 pupils in 2021.

Funds held as custodian on behalf of others

The Academy Trust and its trustees did not act as custodian trustee during the current or previous period.

Disclosure of information to auditors

Insofar as the Governors are aware:

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

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



Robert Evans
Chair of Trustees

KING'S CROSS ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that King's Cross 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 Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between King's Cross 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 Governors' Report and in the Statement of Governors' Responsibilities. The board of trustees has formally met 3 times during the year.

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

Governor	Meetings attended	Out of a possible
Robert Evans (Chair)	3	3
Michael Lightbound	3	3
Emyr Fairburn	2	3
Leanne Keltie	3	3
Angela Jewell	1	3
Michael Freeman	1	3
Dame Jane Roberts	2	3
Jonathan Barratt	3	3
Louise Johns-Shepherd	2	3
Kay Baxter	3	3
Roy Griffins	2	3
Joshua McAlister	3	3
Antje Saunders	3	3

Trustees typically also serve on a number of other sub committees, as set out on the school website.

The impact of each Governing Body Committee is reviewed and monitored through the Headline Document that each committee reviews and produces on a termly basis. The Trustees also intend to perform a self-evaluation review of governance in the coming year.

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

- monitor the integrity of the financial statements;
- review internal financial controls and review the Academy's internal control and risk management systems;
- make recommendations to the Governing Body in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor; and
- review the auditor's independence and objectivity.

No significant issues to note were dealt with during the year to 31st August 2019.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Michael Lightbound (Chair)	3	3
Robert Evans	2	3
Emyr Fairburn	2	3
Dame Jane Roberts	3	3
Jonathan Barrett	1	3
Kay Baxter	1	3
Sir David Clementi	1	3

Review of value for money

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

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

- Tendering for cleaning, electricity, audit
- Increase in community services through extended school services and lettings which serve the local community and improve partnerships
- The business manager is part of the shared Business team with Frank Barnes School for Deaf Children and has become the key link of support and thus improving both communication and effectiveness.
- The Academy also makes effective use of budgeting. A budget for the year ended 31 August 2019 was approved by the Finance Committee. Expenditure has been controlled against this budget with any significant variances investigated and acted upon.
- The Academy has maintained and developed as necessary procedures for assessing need, and obtaining goods and services which provide the best value in terms of suitability, efficiency, time and cost. These procedures were satisfactorily adopted to obtain the best possible quotes for goods and services

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in King's Cross Academy Trust for the year 1 September 2018 to 31 August 2019 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

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk (continued)

of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Landau Baker Limited as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included financial control, systems, transactions, risks and risk register.

On a quarterly basis, the internal auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

Buzzacott carried out two internal audits during the financial period 1 September 2018 to 31st August 2019. The first audit examined the risk management policy, the risk register, controls to identify and manage risk effectively, the level of governance discussion, scrutiny, and review of the process for implementing the result of any escalation. Buzzacott recommended that:

1. consideration is given to developing an overarching assurance map that consolidates all the assurance mechanisms currently in operation enabling governors to have clearer oversight of the academy's overall risk process and to be better able to delegate operational risk review to the senior leadership team.
2. The risk register is made more dynamic and that the Audit Committee considers all areas of delegated responsibility under the risk policy at its forthcoming policy review.

The second audit reviewed the financial controls, systems, transactions and risks in the accounting system, payroll, purchasing, and income. Buzzacott recommended that:

1. All requests for purchases are not approved unless they are supported by a valid purchases order.
2. All relevant Balance Sheet control accounts, (including bank reconciliations) are prepared, reconciled and presented to the Head Teacher for review during their monthly review of the management accounts.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The internal audit scrutiny has led to a number of helpful recommendations and we have already begun to implement these.

Review of effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit 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 Governors on 10 December 2019 and signed on their behalf by:



Robert Evans
Chair of Trustees



Emyr Fairburn
Accounting Officer

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(A Company Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 Governors 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 Governors 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 Governors on 10 December 2019 and signed on its behalf by:



Robert Evans
Chair of trustees

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Emyr Fairburn
Accounting Officer
Date: 10 December 2019

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KING'S CROSS ACADEMY TRUST**

Opinion

We have audited the financial statements of King's Cross Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors 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.

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KING'S CROSS ACADEMY TRUST (CONTINUED)**

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Governors' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' 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 Governors' 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KING'S CROSS ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Governors' Responsibilities Statement, the Governors (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 Governors 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 Governors 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 Governors either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state 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.

 *Michael Durst for Landau Baker Limited*

Michael Durst (Senior statutory auditor)

For and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

10 December 2019

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KING'S
CROSS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 05 July 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by King's Cross Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to King's Cross 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 King's Cross Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than King's Cross Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of King's Cross Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of King's Cross Academy Trust's funding agreement with the Secretary of State for Education dated 16 March 2015 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KING'S
CROSS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach

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

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

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

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

The work undertaken to draw our conclusion includes but is not limited to the following:

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, review for any indication of purchase for the personal use by Staff, Head teacher or Governors;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Obtaining formal representation from the Governing Body and Accounting Officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the School;
- Reviewing nominal ledger accounts for any large or unusual entries, obtaining supporting documentation and making further enquiries into any such items where relevant.

Conclusion

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

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KING'S
CROSS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Advisors

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 10 December 2019

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	50,000	-	8,949	58,949	35,655
Charitable activities		-	1,877,978	-	1,877,978	1,596,765
Other trading activities		64,247	299,046	-	363,293	282,250
Total income		114,247	2,177,024	8,949	2,300,220	1,914,670
Expenditure on:						
Raising funds		2,287	-	-	2,287	1,000
Charitable activities		-	2,095,148	106,664	2,201,812	2,012,666
Total expenditure		2,287	2,095,148	106,664	2,204,099	2,013,666
Net income/(expenditure)		111,960	81,876	(97,715)	96,121	(98,996)
Transfers between funds	15	-	(24,585)	24,585	-	-
Net movement in funds before other recognised gains/(losses)		111,960	57,291	(73,130)	96,121	(98,996)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	20	-	(174,000)	-	(174,000)	65,000
Net movement in funds		111,960	(116,709)	(73,130)	(77,879)	(33,996)
Reconciliation of funds:						
Total funds brought forward		119,637	395,947	7,191,691	7,707,275	7,741,271
Net movement in funds		111,960	(116,709)	(73,130)	(77,879)	(33,996)
Total funds carried forward		231,597	279,238	7,118,561	7,629,396	7,707,275

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 28 to 49 form part of these financial statements.

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08803983

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	7,118,561	7,191,691
		<u>7,118,561</u>	<u>7,191,691</u>
Current assets			
Debtors	13	130,105	137,380
Cash at bank and in hand		1,117,160	791,754
		<u>1,247,265</u>	<u>929,134</u>
Creditors: amounts falling due within one year	14	(396,430)	(318,550)
Net current assets		<u>850,835</u>	610,584
Total assets less current liabilities		<u>7,969,396</u>	<u>7,802,275</u>
Net assets excluding pension liability		<u>7,969,396</u>	<u>7,802,275</u>
Defined benefit pension scheme liability	20	(340,000)	(95,000)
Total net assets		<u><u>7,629,396</u></u>	<u><u>7,707,275</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	15	7,118,561	7,191,691
Restricted income funds	15	619,238	490,947
Restricted funds excluding pension asset	15	<u>7,737,799</u>	<u>7,682,638</u>
Pension reserve	15	(340,000)	(95,000)
Total restricted funds	15	<u>7,397,799</u>	7,587,638
Unrestricted income funds	15	231,597	119,637
Total funds		<u><u>7,629,396</u></u>	<u><u>7,707,275</u></u>

The financial statements on pages 25 to 49 were approved by the Governors, and authorised for issue on 10 December 2019 and are signed on their behalf, by:

Robert Evans
Chair of Trustees



KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	17	349,991	303,361
Cash flows from investing activities	18	(24,585)	(26,714)
Change in cash and cash equivalents in the year		325,406	276,647
Cash and cash equivalents at the beginning of the year		791,754	515,107
Cash and cash equivalents at the end of the year	19	<u><u>1,117,160</u></u>	<u><u>791,754</u></u>

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

King's Cross Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Governors 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 Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

• **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Academy has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Academy, can be reliably measured.

• **Sponsorship income**

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

• **Donations**

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

• **Other income**

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

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income (continued)

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in 'Stocks' and 'Income from Other Trading Activities'. Upon sale, the value of the stock is charged against 'Income from Other Trading Activities' and the proceeds are recognised as 'Income from Other Trading Activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from Other Trading Activities'.

- **Donated fixed assets (excluding transfers on conversion or into the Academy)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's accounting policies.

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

KING'S CROSS ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.5 Tangible fixed assets

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

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

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

Long-term leasehold property	- 98 years
Furniture and fixtures	- 3 years
Computer equipment	- 3 years

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

1.6 Debtors

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

1.7 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.8 Liabilities

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

KING'S CROSS ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. 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 cost as detailed in note 14. 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.

1.10 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions

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

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

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

KING'S CROSS ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Pensions (continued)

and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.12 Fund accounting

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds - class ii 2019 £	Total funds 2019 £
Donations	50,000	-	50,000
Capital Grants	-	8,949	8,949
	<u>50,000</u>	<u>8,949</u>	<u>58,949</u>

	Unrestricted funds 2018 £	Restricted funds - class ii 2018 £	Total funds 2018 £
Donations	35,000	-	35,000
Capital Grants	-	655	655
	<u>35,000</u>	<u>655</u>	<u>35,655</u>

4. Funding for the academy's educational operations

	Restricted funds 2019 £	Total funds 2019 £	As restated Total funds 2018 £
DfE/ESFA grants/Other government			
General annual grant	1,591,034	1,591,034	1,182,976
Other DfE/ESFA grants	121,016	121,016	99,236
	<u>1,712,050</u>	<u>1,712,050</u>	<u>1,282,212</u>
Other government grants			
Local authority grants	165,928	165,928	314,553
	<u>165,928</u>	<u>165,928</u>	<u>314,553</u>
	<u>1,877,978</u>	<u>1,877,978</u>	<u>1,596,765</u>

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

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Lettings income	38,385	-	38,385
Other income	-	299,046	299,046
Catering income	22,784	-	22,784
Trip income	3,078	-	3,078
	<u>64,247</u>	<u>299,046</u>	<u>363,293</u>

6. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on raising funds				
Direct costs	-	-	2,287	2,287
Educational activities				
Direct costs	1,095,564	106,664	179,952	1,382,180
Allocated support costs	375,367	309,739	134,526	819,632
	<u>1,470,931</u>	<u>416,403</u>	<u>316,765</u>	<u>2,204,099</u>

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7. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational activities	<u>1,382,180</u>	<u>819,632</u>	<u>2,201,812</u>
	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational activities	<u>1,257,860</u>	<u>754,806</u>	<u>2,012,666</u>

Analysis of direct costs

	Total funds 2019 £	As restated Total funds 2018 £
Staff costs	1,016,109	809,442
Depreciation	106,664	238,386
Educational supplies	91,140	102,305
Technology costs	1,277	1,981
Staff development	13,681	13,192
Educational consultancy	27,314	38,049
Other direct costs	46,540	2,512
Teaching supply costs	79,455	51,993
	<u>1,382,180</u>	<u>1,257,860</u>

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FOR THE YEAR ENDED 31 AUGUST 2019

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £	As restated Total funds 2018 £
Pension finance cost	3,000	3,000
Staff costs	319,203	322,385
Technology costs	17,835	25,463
Recruitment & support	5,354	4,412
Maintenance of premises and equipment	119,537	103,781
Cleaning	61,783	57,229
Rent and rates	40,782	39,178
Energy costs	81,562	66,422
Insurance	6,075	10,430
Security and transport	604	754
Catering	48,149	46,684
Other support costs	38,433	60,054
Support staff supply costs	56,164	7,028
Governance costs	21,151	7,986
	<u>819,632</u>	<u>754,806</u>

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	106,664	238,386
Fees paid to auditors for:		
- audit	19,451	10,460
- other services	1,700	5,155
	<u>127,815</u>	<u>253,991</u>

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

9. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,011,003	841,422
Social security costs	94,578	79,033
Pension costs	229,731	211,372
	<u>1,335,312</u>	<u>1,131,827</u>
Supply teaching costs	79,455	51,993
Support staff supply costs	56,164	7,028
	<u>1,470,931</u>	<u>1,190,848</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teaching	11	10
Administration and support	25	22
Management	3	3
	<u>39</u>	<u>35</u>

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	-
	<u>1</u>	<u>-</u>

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9. Staff costs (continued)

c. Higher paid staff (continued)

One employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2019, the pension contribution amounted to £10,598 (2018: £11,092). The other employee was not part of any pension scheme.

d. 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's benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £218,446 (2018: £226,220).

10. Governors' remuneration and expenses

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

		2019	2018
		£	£
E Fairburn (Headteacher and Governor):	Remuneration	60,000 -	65,000 -
		65,000	70,000
	Pension contributions paid	10,000 -	10,000 -
K Baxter (Staff Governor):	Remuneration	15,000	15,000
		55,000	50,000 -
	Pension contributions paid	60,000	55,000
		5,000 -	5,000 -
		10,000	10,000

During the year ended 31 August 2019, no Governor expenses have been incurred (2018 - £NIL).

11. Governors' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

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FOR THE YEAR ENDED 31 AUGUST 2019**

12. Tangible fixed assets

	Leasehold property £	Furniture and fixtures £	Total £
Cost or valuation			
At 1 September 2018	7,388,663	488,973	7,877,636
Additions	-	33,534	33,534
At 31 August 2019	<u>7,388,663</u>	<u>522,507</u>	<u>7,911,170</u>
Depreciation			
At 1 September 2018	226,185	459,760	685,945
Charge for the year	75,395	31,269	106,664
At 31 August 2019	<u>301,580</u>	<u>491,029</u>	<u>792,609</u>
Net book value			
At 31 August 2019	<u><u>7,087,083</u></u>	<u><u>31,478</u></u>	<u><u>7,118,561</u></u>
At 31 August 2018	<u><u>7,162,478</u></u>	<u><u>29,213</u></u>	<u><u>7,191,691</u></u>

13. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	57,855	82,304
Other debtors	23,167	30,512
Prepayments and accrued income	49,083	24,564
	<u><u>130,105</u></u>	<u><u>137,380</u></u>

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14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	102,489	108,759
Other taxation and social security	22,753	30,880
Other creditors	-	(510)
Accruals and deferred income	271,188	179,421
	<u>396,430</u>	<u>318,550</u>
	<u><u>396,430</u></u>	<u><u>318,550</u></u>
	2019 £	2018 £
Deferred income at 1 September 2018	164,180	170,835
Resources deferred during the year	196,967	164,180
Amounts released from previous periods	(164,180)	(170,835)
	<u>196,967</u>	<u>164,180</u>
	<u><u>196,967</u></u>	<u><u>164,180</u></u>

At the balance sheet the academy trust was holding funds received in advance for the year 2019/20.

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

15. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	119,637	114,247	(2,287)	-	-	231,597
Restricted general funds						
GAG	490,947	1,591,034	(1,438,158)	(24,585)	-	619,238
Pupil premium	-	47,410	(47,410)	-	-	-
Other ESFA funding	-	73,606	(73,606)	-	-	-
SEN funding (LA)	-	93,928	(93,928)	-	-	-
Other LA funding	-	72,000	(72,000)	-	-	-
General funds	-	299,046	(299,046)	-	-	-
Pension reserve	(95,000)	-	(71,000)	-	(174,000)	(340,000)
	<u>395,947</u>	<u>2,177,024</u>	<u>(2,095,148)</u>	<u>(24,585)</u>	<u>(174,000)</u>	<u>279,238</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	7,131,419	-	(106,664)	24,585	-	7,049,340
DfE/ESFA Capital Grants	60,272	8,949	-	-	-	69,221
	<u>7,191,691</u>	<u>8,949</u>	<u>(106,664)</u>	<u>24,585</u>	<u>-</u>	<u>7,118,561</u>
Total Restricted funds	<u>7,587,638</u>	<u>2,185,973</u>	<u>(2,201,812)</u>	<u>-</u>	<u>(174,000)</u>	<u>7,397,799</u>
Total funds	<u><u>7,707,275</u></u>	<u><u>2,300,220</u></u>	<u><u>(2,204,099)</u></u>	<u><u>-</u></u>	<u><u>(174,000)</u></u>	<u><u>7,629,396</u></u>

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

(i) General Annual Grant must be used for the normal running costs of the Trust. Under the funding

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

15. Statement of funds (continued)

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

(ii) Voluntary income generally consists of sponsorship income and other donations.

(iii) Restricted fixed assets funds represents the Academy Trust's premises and other fixed assets leased at a peppercorn rent and the fair value of the right to use those assets which were donated by the London Borough of Camden.

(iv) Unrestricted funds would generally include income generated from the operations such as hire of facilities.

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	48,650	71,987	(1,000)	-	-	119,637
Restricted general funds						
GAG	368,913	1,182,976	(1,034,228)	(26,714)	-	490,947
Pupil premium	-	32,450	(32,450)	-	-	-
Other ESFA funding	-	66,786	(66,786)	-	-	-
SEN funding (LA)	-	54,764	(54,764)	-	-	-
Other LA funding	-	259,789	(259,789)	-	-	-
General funds	-	153,461	(153,461)	-	-	-
Pension reserve	(79,000)	-	(81,000)	-	65,000	(95,000)
	<u>289,913</u>	<u>1,750,226</u>	<u>(1,682,478)</u>	<u>(26,714)</u>	<u>65,000</u>	<u>395,947</u>

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15. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	7,369,805	-	(238,386)	-	-	7,131,419
DfE/ESFA Capital Grants	32,903	655	-	26,714	-	60,272
	<u>7,402,708</u>	<u>655</u>	<u>(238,386)</u>	<u>26,714</u>	<u>-</u>	<u>7,191,691</u>
Total Restricted funds	<u>7,692,621</u>	<u>1,750,881</u>	<u>(1,920,864)</u>	<u>-</u>	<u>65,000</u>	<u>7,587,638</u>
Total funds	<u><u>7,741,271</u></u>	<u><u>1,822,868</u></u>	<u><u>(1,921,864)</u></u>	<u><u>-</u></u>	<u><u>65,000</u></u>	<u><u>7,707,275</u></u>

16. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	7,118,561	7,118,561
Current assets	231,597	1,015,668	-	1,247,265
Creditors due within one year	-	(396,430)	-	(396,430)
Provisions for liabilities and charges	-	(340,000)	-	(340,000)
Total	<u><u>231,597</u></u>	<u><u>279,238</u></u>	<u><u>7,118,561</u></u>	<u><u>7,629,396</u></u>

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16. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	7,191,691	7,191,691
Current assets	119,637	809,497	-	929,134
Creditors due within one year	-	(318,550)	-	(318,550)
Provisions for liabilities and charges	-	(95,000)	-	(95,000)
Total	119,637	395,947	7,191,691	7,707,275

17. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	96,121	(98,996)
Adjustments for:		
Depreciation	106,664	238,386
Capital grants from DfE and other capital income	(8,949)	(655)
Defined benefit pension scheme cost less contributions payable	68,000	78,000
Defined benefit pension scheme finance cost	3,000	3,000
Decrease in debtors	641	42,804
Increase in creditors	84,514	40,822
Net cash provided by operating activities	349,991	303,361

18. Cash flows from investing activities

	2019 £	2018 £
Purchase of tangible fixed assets	(33,534)	(27,369)
Capital grants from DfE Group	8,949	655
Net cash used in investing activities	(24,585)	(26,714)

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19. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	1,117,160	791,754
Total cash and cash equivalents	1,117,160	791,754

20. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Camden. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2019.

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

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS

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20. Pension commitments (continued)

employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website- <https://www.teacherspensions.co.uk/public/login.aspx>.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015. In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £98,000 (2018 - £87,000), of which employer's contributions totalled £75,000 (2018 - £66,000) and employees' contributions totalled £ 23,000 (2018 - £21,000). The agreed contribution rates for future years are 24.3 per cent for employers and 5.5 and 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.30	2.90
Rate of increase for pensions in payment/inflation	2.30	2.30
Discount rate for scheme liabilities	1.90	2.80

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

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20. Pension commitments (continued)

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.0	22.0
Females	23.2	24.1
<i>Retiring in 20 years</i>		
Males	22.2	23.9
Females	24.6	26.1

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

	At 31	At 31
	August	August
	2019	2018
	£	£
Equities	270,660	156,780
Property	34,700	21,060
Cash and other liquid assets	3,470	32,760
Debt	38,170	23,400
Total market value of assets	347,000	234,000

The actual return on scheme assets was £7,000 (2018 - £11,000).

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

	2019	2018
	£	£
Current service cost	(137,000)	(144,000)
Past service cost	(6,000)	-
Interest income	8,000	4,000
Interest cost	(11,000)	(7,000)
Total amount recognised in the Statement of Financial Activities	(146,000)	(147,000)

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NOTES TO THE FINANCIAL STATEMENTS
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20. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	329,000	215,000
Current service cost	137,000	144,000
Interest cost	11,000	7,000
Employee contributions	23,000	21,000
Actuarial losses/(gains)	181,000	(58,000)
Past service costs	6,000	-
At 31 August	687,000	329,000

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

	2019 £	2018 £
At 1 September	234,000	136,000
Interest income	8,000	4,000
Actuarial gains	7,000	7,000
Employer contributions	75,000	66,000
Employee contributions	23,000	21,000
At 31 August	347,000	234,000

21. 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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22. Related party transactions

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

The following related party transactions took place in the period of account.

The sponsor to the Academy Trust, King's Cross Central Limited Partnership (KCCLP) donated £50,000 towards annual operating costs (2018: £35,000).

Expenditure related party transactions

Centre for Literacy in Primary Education - a company in which Louise Johns-Sheperd - a trustee is the CEO was used for consultancy services amounting to £940 (2018: £1,485).

