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KENNINGTONS PRIMARY ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

KENNINGTONS PRIMARY ACADEMY
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	Mrs S Sayers Mrs D Bunn Mr I R White
Trustees	Mrs S Sayers, Chair of Governors ¹ Mrs D Bunn, Vice Chair of Governors ¹ Mr I R White Mr R Price, Chair of Finance & Audit Committee ¹ Miss J Hillyer Mrs J Shea, Staff Governor ¹ Mrs J Sawtell-Haynes, Headteacher ¹ Mr G Morris Mrs J Johnson, Staff Governor Ms S Anjonrin-Ohu Ms V Powell (appointed 15 November 2016) ¹ Mrs Z Kirstein (resigned 7 September 2016)
	¹ Finance and audit committee
Company registered number	08187197
Company name	Kenningtons Primary Academy
Company secretary	Miss A Wynne
Chief executive officer	Mrs S Sayers
Senior management team	Ms J Sawtell-Haynes, Headteacher Mrs C Clarke, Deputy Headteacher Miss L Brewster, Assistant Headteacher (resigned 31/08/17) Miss B Brand, Assistant Headteacher
Independent auditors	MWS Chartered accountants Statutory auditor Kingsridge House 601 London Road Westcliff-on-Sea Essex SS0 9PE
Bankers	HSBC 173 High Street Hornchurch Essex RM11 3YS
Solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES

KENNINGTONS PRIMARY ACADEMY
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 serving a catchment area in Aveley. It has a pupil capacity of 510 (plus 52 nursery children) and had a roll of 449 (plus 29 nursery children) in the school census on 5 October 2017.

Structure, governance and management

a. CONSTITUTION

The academy trust is a company limited by guarantee, is an exempt charity and was set up by a Memorandum of Association. The company registration number is 08187197.

The academy is constituted under a Memorandum of Association which, along with the Articles of Association, are the primary governing documents of the Academy Trust.

The academy's principle activity is to provide education to pupils between the ages of 3 and 11 in South Ockendon.

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

The Academy, through its Articles, has indemnified its Governors to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Governors

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

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

Governor recruitment is through a combination of approaches, one being the co-option of those with necessary skills, from parents of children at the school to those with an interest in the school community. Nominations for Parent Governors will be requested by a specific date. These nominations must include the reasons why the nominee wishes to become a Governor and the attributes they can bring to the Governing Body. These nominations will be considered by the members of the Academy Trust who will decide the successful candidate.

Parent Governors are elected to the Governing Body in accordance with the terms of the Parent Governor Election procedures.

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

The School provides all new Governors with a comprehensive induction package covering a comprehensive range of issues and topics. This is to ensure they gain a better understanding of the role and responsibilities of being a school Governor so they can fulfil their role with confidence.

The Governing Body is committed to providing training for Governors specific to their roles and the requirements

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

of the Academy, and to achieve this, the Academy purchases training from appropriate bodies, mainly Thurrock Local Authority.

f. ORGANISATIONAL STRUCTURE

Kenningtons Primary Academy is governed by the Governing Body and is constituted under a Memorandum of Association and Articles of Association.

The Governing Body is responsible for the strategic management of the school; deciding and setting key aspects such as strategic direction, annual budgets, senior staff appointments, policy development and changes and ensuring compliance with legal requirements.

The Headteacher is the Accounting Officer and is supported by the senior leadership team. The Academy Manager is the Chief Financial Officer. The Governing Body has delegated day to day running of the Academy to the Headteacher and while it has retained responsibility for certain aspects of governance, the majority of the roles and responsibilities are delegated to the Committees, as defined in the School's Standing Orders and the individual Committee terms of reference.

There are four main Committees, each with their own terms of reference:

- Finance and Audit
- Pay
- Admissions
- Headteacher Performance Management

There are additional sub-committees that convene as and when required.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Pay Ranges of Senior Leaders are set and approved by the Governing Body. The Governing Body take into account recommendations from the Teachers Pay & Conditions document whilst also taking into consideration the local context.

Senior Leadership pay awards are determined by Performance Management. The pay range for the Academy Manager is recommended by the Headteacher to the Pay Committee and is ratified by the Governing Body.

h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

There were no related parties of other connected charities and organisations that we are aware.

Objectives and Activities

a. OBJECTS AND AIMS

The Object, per the Articles of Association, 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 a school offering a broad and balanced curriculum.

At Kenningtons Primary Academy, we believe that all members of our school community should:

- Make good progress in academic skills whilst ensuring good personal, moral and spiritual development
- Demonstrate respect for one another, our environment and ourselves
- Be included in all aspects of school life
- Support pupils to attend school everyday

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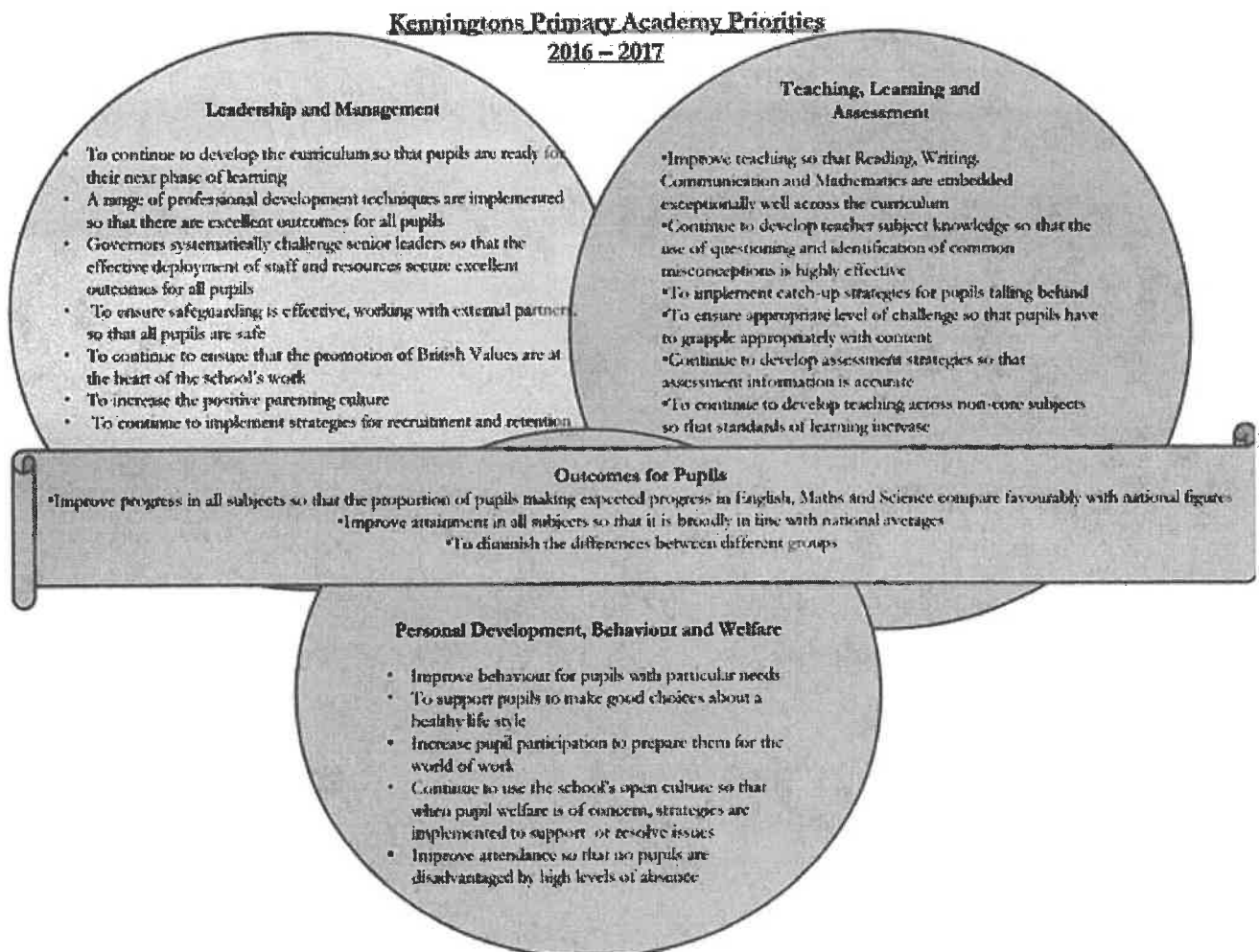
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- Have the right to be safe
- Enjoy learning through different experiences
- See change as a positive way forward and adapt to changes when they happen
- Celebrate the differences between each other

Through all of the above, we believe that members of our school community will be able to make good choices about their future.

One of the key aims of the Academy following an OFSTED report in July 2014 is to keep the Academy at its current rating of 'Good.'

b. OBJECTIVES, STRATEGIES AND ACTIVITIES



c. PUBLIC BENEFIT

The Academy provides education services to all children in the local area. The Governors confirm that they have complied with the duty in Section 3 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

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

Strategic report

Achievements and performance

a. KEY PERFORMANCE INDICATORS

(Un-validated Data)

Kenningtons Primary Academy has had another positive year. Pupils continue to make good progress, with attainment results comparable and in some cases exceeding National, as evidenced in the table below:

Reception:	Kenningtons 2017	National 2017
% of pupils reaching Good Level of Development	63.3%	70.7%
	% of pupils reaching expected standard	
	Kenningtons 2017	National 2017
Year 1 Phonics	78%	81%
KS1:		
Reading	73%	76%
Writing	63%	68%
Maths	69%	75%
	% of pupils reaching expected standard	
	Kenningtons 2017	National 2017
KS2:		
Reading	76%	71%
Writing	84%	76%
Maths	92%	75%
Reading/Writing/Maths Combined	76%	61%
KS2 – Disadvantaged Pupils:	Kenningtons 2017	National Non-Disadvantaged
Reading	68%	77%
Writing	79%	81%
Maths	89%	80%
Reading/Writing/Maths Combined	68%	67%

*Please note we are still awaiting the validated data, which will not be available from the DfE until January 2018. This should have been available in October 2017.

Pupil numbers have remained constant throughout 2016-2017; with an increase in in-year admissions due to the 'bulge' year groups.

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

Financial KPI's

KENNINGTONS PRIMARY ACADEMY	YEAR 3	YEAR 2	YEAR 1
AGE RANGE	3-11	3-11	3-11
AVERAGE CLASS SIZE	24.9	24	25.3
AVERAGE TOTAL SUPPORT COST - EXCLUDING CATERING	520,312	472,480	452,342
NOR	438	427	373
PUPIL/TEACHER RATIO	25.76	25.12	26.64

All of the above KPI's are within the parameters set by the board.

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FOR THE YEAR ENDED 31 AUGUST 2017

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.

Financial review

a. RESERVES POLICY

The Governing Body regularly monitors the reserves to ensure sufficient funds are maintained to meet anticipated future needs whilst avoiding long term accumulation of excessive sums. This is particularly pertinent in a time when a National Funding Formula is under review.

At 31 August 2017, the Academy had free reserves of £163,487 (2016 £156,337), restricted reserves of £504,363 (2016 £205,552), restricted asset funds of £3,909,545 (2016 £3,958,437) and a pension deficit of £616,000 (2016 £572,000).

The Governing Body maintains a prudent level of reserves in line with their policy to spend funding received on the pupils in the Academy at that time, except where a specific project required funding to be built up over several years.

It is the Governing Body's intention to utilise reserves in line with the School Improvement Plan.

On conversion, the Academy was operating with a Local Government Pensions Scheme Deficit. However, the Academy has recognised the deficit, the employer's pension contributions (as a percentage of gross pay) have been reduced and a fixed sum is being repaid each month in order to slowly repay the deficit. As a result, there is no actual cash flow deficit on the fund, or direct impact on free reserves on the Academy Trust because of recognizing the deficit.

b. PRINCIPAL RISKS AND UNCERTAINTIES

The Academy Trust has a comprehensive Risk Register which is reviewed regularly. Falling pupil numbers would impact on funding streams for the Academy, making a deficit budget a possibility and affecting long-term viability. Consequently pupil forecasts are monitored carefully and appropriate responsive action is taken.

c. PRINCIPAL FUNDING

The principal source of the Academy's funding is provided by the Education Skills Funding Agency (ESFA) in the form of recurring grants. The principal grants are the General Annual Grant (GAG). Other smaller grants and capital grants are also received from the ESFA. Each of the foregoing grants is 'restricted' for particular purposes for the running of the Academy and providing services in accordance with the Academy's objectives.

Additional Funding has been received from the Local Authority in respect of the AWPU for the children in the bulge classes.

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

Plans for future periods

a. FUTURE DEVELOPMENTS

The Governing Body held a Strategic Planning Day on 22/06/2016.

Below is the School Vision for the next four years which evolved from this day.

- 3 form entry across the school
- Maintain a strong leadership team
- Keep pace with Government implemented changes
- 85% combined pupils to meet National Academic Standard
- Make our own interpretations of relevant changes
- Maintain 'Good' Ofsted judgement; moving towards 'Outstanding'
- That the curriculum evolves and is relevant

The School Vision for the next three years which was developed during the previous Strategic Planning Day in 2015 is recorded as below:

- Three form entry across the school
- Retain management team
- Keep pace with Government implemented changes
 - o 75% combined pupils to meet National Academic Standard
 - o Make our own interpretations of relevant changes
- Maintain school ethos and values
- Develop school buildings
 - o KS1 and KS2 buildings to be linked
 - o Keep buildings fit for purpose
- Maintain 'Good' Ofsted judgement; moving towards 'Outstanding'
- Develop a positive community
- Develop a 'grassland' area within school grounds
- CIF bids as appropriate are submitted to the ESFA for capital projects.
- Refurbishment of Toilets
- Exploring 3 form entry and pre planning application.

The Governing Body will meet again during the next academic year to review and monitor the plan and implement any changes or strategies that are needed.

FUNDS HELD AS CUSTODIAN

Although the charitable company maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors and other funders, Kenningtons Primary Academy does not hold, and the Governors do not anticipate that it will in the future hold, any funds as custodian for third party.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

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TRUSTEES' REPORT (continued)
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AUDITORS

The auditors, MWS, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 30 November 2017 and signed on its behalf by:

Mrs S Sayers
Chair of Trustees



Mrs J Sawtell-Haynes
Headteacher



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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 7 times during the year (including AGM 2016). Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Sayers, Chair of Governors	7	7
Mrs D Bunn, Vice Chair of Governors	5	7
Mr I R White	6	7
Mr R Price, Chair of Finance & Audit Committee	7	7
Miss J Hillyer	3	7
Mrs J Shea, Staff Governor	6	7
Mrs J Sawtell-Haynes, Headteacher	7	7
Mr G Morris	6	7
Mrs J Johnson, Staff Governor	5	7
Ms S Anjonrin-Ohu	6	7
Ms V Powell	4	6
Mrs Z Kirstein	0	0

Parent Governor Z Kirstein resigned on 08/09/16. A new Parent Governor, V Powell, was elected to the Governing Body on 15/11/16. During the period 31st August 2016 to 31st August 2017, the membership of the Governing Body has otherwise remained constant.

Governance Reviews

The Governing Body undertook a self-assessment exercise during the Strategic Planning Day on 22/06/16 utilising the 'A Competency Framework for Governance' (DfE, January 2017) publication as a template. Discussions were valuable, and the overall outcome was positive in terms of Kenningtons Governing Body confidence in the competency of the Governing Body in relation to National Standards. The Governing Body participates in, and is assessed in, School Strategic Monitoring reviews throughout the academic year.

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to report back to the Governing Body on the school's financial undertakings and to make recommendations to the Full Governing Body.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Price, Chair of Finance & Audit Committee	3	3
Mrs J Shea, Staff Governor	3	3
Mrs S Sayers, Chair of Governors	3	3
Mrs J Sawtell-Haynes, Headteacher	3	3
Mrs D Bunn, Vice Chair of Governors	2	3
Ms V Powell	1	2

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GOVERNANCE STATEMENT (continued)

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:

Introduction

The governing body was accountable for the way in which the school's resources were allocated to meet the objectives set out in the school's improvement and subject development plans. Governors needed to secure the best possible outcome for all pupils, in the most efficient and effective way, at a reasonable cost. This led to continuous improvement in the school's achievements and services.

What Is Best Value?

Governors applied the four principles of **best value**:

- **Challenge** - Is the school's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently?
- **Compare** - How does the school's pupil performance compare with all schools? How does it compare with LA schools? How does it compare with similar schools?
- **Consult** - How does the school seek the views of stakeholders about the services the school provides?
- **Compete** - How does the school secure efficient and effective services? Are services of appropriate quality, economic?

The Governors' Approach

The Governors and school leaders applied the principles of **best value** when making decisions about:

- the allocation of resources to best promote the aims and values of the school.
- the targeting of resources to best improve standards and the quality of provision.
- the use of resources to best support the various educational needs of all pupils.

Governors, and the school leaders:

- made comparisons with other/similar schools using data provided by the LA and the Government.
- challenged proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual pupil achievement targets.
- required suppliers to compete on grounds of cost, and quality/suitability of services/products/backup.
- consulted individuals and organisations on quality/suitability of service we provide to parents and pupils, and services we receive from providers.

This applied in particular to:

- staffing
- use of premises
- use of resources
- quality of learning and teaching
- purchasing
- pastoral support
- health and safety
- safeguarding

The pursuit of minor improvements or savings was not cost effective if the administration involved substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

Staffing

Governors and school leaders deployed staff to provide best value in terms of quality of learning and teaching,

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GOVERNANCE STATEMENT (continued)

adult-pupil ratio, and curriculum leadership.

Use of Premises

Governors and school leaders considered the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for learning and teaching, for support services, and for communal access to central resources.

The school was successful in obtaining £545,000 through a CIF bid to replace the roofs of the Main School Building.

Use of Resources

Governors and school leaders deployed equipment, materials and services to provide pupils and staff with resources which support quality of learning and teaching.

Teaching

Governors and school leaders reviewed the quality of curriculum provision and quality of teaching, to provide parents and pupils with:

- a curriculum which meets the needs of the pupils and, the LA Agreed RE Syllabus,
- teaching which builds on previous learning and ensures high achievement

Learning

Governors and school leaders reviewed the quality of children's learning, by cohort, class and group, to provide teaching which enables children to achieve at least nationally expected progress.

Purchasing

Governors and school leaders developed procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures already in place included:

- competitive tendering procedures for goods and services over £50,000
- procedures for accepting "best value" quotes, which are not necessarily the cheapest.
- procedures which minimise office time by the purchase of goods or services under £25,000 direct from known, reliable suppliers.

Pastoral Support

Governors and school leaders reviewed the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation. They reviewed the quality of targeted provision for groups and individual pupils.

Health & Safety

Governors and school leaders reviewed the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

Monitoring

These areas formed the monitoring process:

1. In-house monitoring by the Headteacher and senior leaders and subject leaders
2. School Improvement Plan, and Strategic Monitoring Group
3. Monitoring of budget
4. Staffing Structure
5. Budget setting agenda item
6. Asset Management Plan
7. Termly points meetings between the Headteacher and class teachers.
8. Termly APP meetings between Deputy Headteacher and class teachers.
9. Annual Performance Management, with termly reviews
10. Analysis of school pupil performance data, e.g. SATs results, standardised cohort data against all schools, LA schools, similar schools
11. Analysis of DfE pupil performance data, e.g. Raise on Line

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GOVERNANCE STATEMENT (continued)

12. Ofsted Inspection reports
13. Governors' termly classroom visits
14. Governors' half termly meetings
15. Annual Health Check by external consultant.
16. Attendance panels
17. Audits e.g. Safeguarding
18. LA Audits e.g. EYFS

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust 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 Kenningtons Primary Academy for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the 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 EES for Schools as internal auditor.

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

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

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 board of trustees' financial responsibilities.

The internal auditor has delivered their schedule of work as planned, and there were no material control or other issues reported by the RO to date.

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GOVERNANCE STATEMENT (continued)

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 Finance and 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 trustees on 30 November 2017 and signed on their behalf, by:

Mrs S Sayers
Chair of Trustees



Mrs J Sawtell-Haynes
Accounting Officer



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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

J Sawtell-Haynes

Mrs J Sawtell-Haynes
Accounting Officer

Date: 30th November 2017

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

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 30 November 2017 and signed on its behalf by:



Mrs S Sayers
Chair of Trustees

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

OPINION

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

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

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

KENNINGTONS PRIMARY ACADEMY
(A company limited by guarantee)

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Jonathan Gorridge (Senior statutory auditor)

for and on behalf of

MWS

Chartered Accountants
Statutory Auditor

Kingsridge House
601 London Road
Westcliff-on-Sea
Essex
SS0 9PE
30 November 2017

KENNINGTONS PRIMARY ACADEMY
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
KENNINGTONS PRIMARY ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 February 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kenningtons Primary Academy during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF KENNINGTONS PRIMARY ACADEMY'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Kenningtons Primary Academy's funding agreement with the Secretary of State for Education dated 20 September 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

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

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

KENNINGTONS PRIMARY ACADEMY
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
KENNINGTONS PRIMARY ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

any lettings made to any related parties were made at the normal third party rates and not on any favourable terms.

CONCLUSION

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



MWS

Chartered Accountants

Kingsridge House
601 London Road
Westcliff-on-Sea
Essex
SS0 9PE

30 November 2017

KENNINGTONS PRIMARY ACADEMY
(A company limited by guarantee)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	43,547	-	583,653	627,200	280,981
Charitable activities	4	-	2,290,052	-	2,290,052	2,148,704
Other trading activities	3	56,814	-	-	56,814	44,664
TOTAL INCOME		<u>100,361</u>	<u>2,290,052</u>	<u>583,653</u>	<u>2,974,066</u>	<u>2,474,349</u>
EXPENDITURE ON:						
Charitable activities		93,211	2,531,079	173,707	2,797,997	2,101,064
TOTAL EXPENDITURE	7	<u>93,211</u>	<u>2,531,079</u>	<u>173,707</u>	<u>2,797,997</u>	<u>2,101,064</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	20	7,150	(241,027)	409,946	176,069	373,285
		<u>-</u>	<u>458,838</u>	<u>(458,838)</u>	<u>-</u>	<u>-</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		7,150	217,811	(48,892)	176,069	373,285
Actuarial gains/(losses) on defined benefit pension schemes	25	-	37,000	-	37,000	(310,000)
		<u>-</u>	<u>37,000</u>	<u>-</u>	<u>37,000</u>	<u>(310,000)</u>
NET MOVEMENT IN FUNDS		<u>7,150</u>	<u>254,811</u>	<u>(48,892)</u>	<u>213,069</u>	<u>63,285</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		156,337	(366,448)	3,958,437	3,748,326	3,685,041
TOTAL FUNDS CARRIED FORWARD		<u>163,487</u>	<u>(111,637)</u>	<u>3,909,545</u>	<u>3,961,395</u>	<u>3,748,326</u>

KENNINGTONS PRIMARY ACADEMY

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REGISTERED NUMBER: 08187197

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	15	3,840,829		3,969,811	
Investment property	16	106,275		106,275	
			3,947,104		4,076,086
Total tangible assets			3,947,104		4,076,086
CURRENT ASSETS					
Debtors	17	260,721		65,858	
Cash at bank and in hand		524,685		397,697	
		785,406		463,555	
CREDITORS: amounts falling due within one year	18	(123,815)		(181,755)	
NET CURRENT ASSETS			661,591		281,800
TOTAL ASSETS LESS CURRENT LIABILITIES			4,608,695		4,357,886
CREDITORS: amounts falling due after more than one year	19		(31,300)		(37,560)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			4,577,395		4,320,326
Defined benefit pension scheme liability	25		(616,000)		(572,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,961,395		3,748,326
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	20	504,363		205,552	
Restricted fixed asset funds	20	3,909,545		3,958,437	
Restricted income funds excluding pension liability		4,413,908		4,163,989	
Pension reserve		(616,000)		(572,000)	
Total restricted income funds			3,797,908		3,591,989
Unrestricted income funds	20		163,487		156,337
TOTAL FUNDS			3,961,395		3,748,326

KENNINGTONS PRIMARY ACADEMY
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 22 to 45 were approved by the Trustees, and authorised for issue, on 30 November 2017 and are signed on their behalf, by:

Mrs S Sayers
Chair of Trustees



Mrs J Sawtell-Haynes
Headteacher and Trustee



KENNINGTONS PRIMARY ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(411,938)	519,133
Cash flows from investing activities:			
Purchase of tangible fixed assets		(44,727)	(363,397)
Capital grants from DfE/ESFA		583,653	8,571
Capital funding received from sponsors and others		-	44,053
Net cash provided by/(used in) investing activities		538,926	(310,773)
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		397,697	189,337
Cash and cash equivalents carried forward	23	524,685	397,697

KENNINGTONS PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

1.2 Fund accounting

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

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

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

KENNINGTONS PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

KENNINGTONS PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	2% straight line
Fixtures and fittings	-	25% reducing balance
Computer equipment	-	straight line basis over 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 incorporating income and expenditure account.

1.7 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

KENNINGTONS PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.8 Taxation

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

1.9 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.

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

KENNINGTONS PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 Concessionary loans

As allowed per the Statement of Recommended Practice 2015 (FRS 102), it is the policy of the Academy to measure the loans at the amount received, with the carrying amount adjusted for any repayments and accrued interest (and adjusted if necessary to the settlement account if the loan or part of the loan is waived).

KENNINGTONS PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations and other activities	23,313	-	-	23,313	36,591
Educational trips and visits	20,234	-	-	20,234	18,138
Capital grants	-	-	583,653	583,653	8,571
Fixed asset donations	-	-	-	-	217,681
	<u>43,547</u>	<u>-</u>	<u>583,653</u>	<u>627,200</u>	<u>280,981</u>
<i>Total 2016</i>	<u>54,730</u>	<u>-</u>	<u>226,251</u>	<u>280,981</u>	

KENNINGTONS PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Hire of facilities	9,600	9,600	9,599
Catering income	47,214	47,214	34,794
School sales	-	-	271
	<u>56,814</u>	<u>56,814</u>	<u>44,664</u>
<i>Total 2016</i>	<u>44,664</u>	<u>44,664</u>	

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	1,883,217	1,883,217	1,578,006
Other DfE/ESFA grants	249,723	249,723	226,831
	<u>2,132,940</u>	<u>2,132,940</u>	<u>1,804,837</u>
Other government grants			
Local authority grants	157,112	157,112	343,867
	<u>157,112</u>	<u>157,112</u>	<u>343,867</u>
	<u>2,290,052</u>	<u>2,290,052</u>	<u>2,148,704</u>
<i>Total 2016</i>	<u>2,148,704</u>	<u>2,148,704</u>	

KENNINGTONS PRIMARY ACADEMY
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FOR THE YEAR ENDED 31 AUGUST 2017

5. DIRECT COSTS

	Educational Operations £	Total 2017 £	Total 2016 £
Educational supplies	86,053	86,053	86,122
Staff development	5,123	5,123	3,232
Legal and professional fees	31,992	31,992	35,735
Wages and salaries	1,209,218	1,209,218	1,105,941
National insurance	89,535	89,535	66,775
Pension cost	130,987	130,987	122,078
	<u>1,552,908</u>	<u>1,552,908</u>	<u>1,419,883</u>
<i>At 31 August 2016</i>	<u>1,419,883</u>	<u>1,419,883</u>	

6. SUPPORT COSTS

	Educational Operations £	Total 2017 £	Total 2016 £
Net pension finance charge	12,000	12,000	9,000
Depreciation	173,707	173,707	184,512
Recruitment and support	296	296	1,102
Maintenance of premises and equipment	506,433	506,433	18,976
Cleaning	9,550	9,550	8,691
Rent and rates	11,282	11,282	11,089
Energy costs	26,593	26,593	22,141
Insurance	13,665	13,665	12,848
Security and transport	3,408	3,408	6,818
Catering	93,208	93,208	84,031
Legal and professional fees	68,674	68,674	64,156
Other support costs	17,061	17,061	17,740
Wages and salaries	176,011	176,011	175,297
National insurance	2,790	2,790	2,001
Pension cost	130,411	130,411	62,779
	<u>1,245,089</u>	<u>1,245,089</u>	<u>681,181</u>
<i>At 31 August 2016</i>	<u>681,181</u>	<u>681,181</u>	

During the year ended 31 August 2017, the academy incurred the following Governance costs:
£7,250 (2016 - £7,250) included within the table above in respect of audit fees .

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

7. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	<i>Total 2016 £</i>
Educational Operations:					
Direct costs	1,429,740	-	123,168	1,552,908	1,503,914
Support costs	309,212	741,301	194,576	1,245,089	597,150
	<u>1,738,952</u>	<u>741,301</u>	<u>317,744</u>	<u>2,797,997</u>	<u>2,101,064</u>
<i>Total 2016</i>	<u>1,534,872</u>	<u>258,257</u>	<u>307,935</u>	<u>2,101,064</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	<i>Total 2016 £</i>
Direct costs - Activities	<u>1,552,908</u>	<u>1,245,089</u>	<u>2,797,997</u>	<u>2,101,064</u>
<i>Total 2016</i>	<u>1,419,883</u>	<u>681,181</u>	<u>2,101,064</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	173,707	184,512
Auditors' remuneration - audit	<u>7,250</u>	<u>7,250</u>

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

10. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	1,346,969	1,248,087
Social security costs	92,325	68,777
Operating costs of defined benefit pension schemes	261,398	184,857
	<u>1,700,692</u>	<u>1,501,721</u>
Supply teacher costs	38,260	33,151
	<u>1,738,952</u>	<u>1,534,872</u>

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

	2017	2016
	No.	No.
Management	4	4
Teachers	29	22
Administration and support	42	45
	<u>75</u>	<u>71</u>

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

	2017	2016
	No.	No.
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	1

The employee above participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for this staff member amounted to £13,627 (2016 : £13,459).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £309,000 (2016: £294,000)

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

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2017 £'000	2016 £'000
Miss J Sawtell - Haynes, Headteacher	80-85	80-85
Remuneration	80-85	80-85
Pension contributions paid	10-15	10-15
Mrs J Johnson, Staff Governor	35-40	35-40
Remuneration	35-40	35-40
Pension contributions paid	5-10	5-10
Mrs J Shea, Staff Governor	25-30	25-30
Remuneration	25-30	25-30
Pension contributions paid	0-5	0-5

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

Details of related parties can be found in the related parties note.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year is included in the total insurance cost.

13. OTHER FINANCE INCOME

	2017 £	2016 £
Interest income on pension scheme assets	7,000	9,000
Interest on pension scheme liabilities	(19,000)	(18,000)
	(12,000)	(9,000)

14. TRANSFERS BETWEEN FUNDS

£115,694 has been transferred from restricted funds to restricted fixed asset funds representing assets purchased using the General Annual Grant (GAG).

£574,532 has been transferred from restricted fixed asset funds to restricted funds representing capital grant income spent on capital repairs.

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

15. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2016	3,881,850	662,220	218,944	4,763,014
Additions	11,897	16,681	16,148	44,726
At 31 August 2017	<u>3,893,747</u>	<u>678,901</u>	<u>235,092</u>	<u>4,807,740</u>
Depreciation				
At 1 September 2016	213,633	413,948	165,622	793,203
Charge for the year	73,156	65,857	34,695	173,708
At 31 August 2017	<u>286,789</u>	<u>479,805</u>	<u>200,317</u>	<u>966,911</u>
Net book value				
At 31 August 2017	<u>3,606,958</u>	<u>199,096</u>	<u>34,775</u>	<u>3,840,829</u>
At 31 August 2016	<u>3,668,217</u>	<u>248,272</u>	<u>53,322</u>	<u>3,969,811</u>

16. INVESTMENT PROPERTY

	Freehold investment property £
Valuation	
At 1 September 2016 and 31 August 2017	<u>106,275</u>

The 2017 valuations were made by the insurers in 2012, on an open market value for existing use basis.

17. DEBTORS

	2017 £	2016 £
Trade debtors	711	17,755
VAT repayable	89,170	16,659
Other debtors	-	800
Prepayments and accrued income	170,840	30,644
	<u>260,721</u>	<u>65,858</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
0% Salix loan	6,260	6,260
Other taxation and social security	26,175	25,813
Other creditors	28,329	101,952
Accruals and deferred income	63,051	47,730
	123,815	181,755
	123,815	181,755
	2017	2016
	£	£
Deferred income		
Deferred income at 1 September 2016	40,565	32,261
Resources deferred during the year	63,007	40,565
Amounts released from previous years	(40,565)	(32,261)
	63,007	40,565
Deferred income at 31 August 2017	63,007	40,565

At the balance sheet date the school was holding income received in advance for:

Music income £1,250 (2016 £725)
 Trip income £660 (2016 Nil)
 Government grants £61,097 (2016 £39,840)

19. CREDITORS: Amounts falling due after more than one year

	2017	2016
	£	£
Other loans	31,300	37,560
	31,300	37,560
Creditors include amounts not wholly repayable within 5 years as follows:		
	2017	2016
	£	£
Repayable by instalments	6,260	12,520
	6,260	12,520

The above relates to a Salix loan provided by the Department of Education at 0% interest.

The total carrying amount at the end of the year was £37,560.

The loan is being paid off by £3,130 twice yearly for 6 years.

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

20. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	156,337	100,361	(93,211)	-	-	163,487
Restricted funds						
General Annual Grant (GAG)	175,809	1,883,217	(1,596,762)	(115,694)	-	346,570
Other DfE/ESFA grants	-	71,203	(71,203)	-	-	-
Local Authority grants	-	157,112	(157,112)	-	-	-
Pupil Premium	29,743	178,520	(177,640)	-	-	30,623
Cif grants	-	-	(447,362)	574,532	-	127,170
Pension reserve	(572,000)	-	(81,000)	-	37,000	(616,000)
	<u>(366,448)</u>	<u>2,290,052</u>	<u>(2,531,079)</u>	<u>458,838</u>	<u>37,000</u>	<u>(111,637)</u>
Restricted fixed asset funds						
Inherited fixed assets	2,483,857	-	(66,898)	-	-	2,416,959
DfE/ESFA Capital grants	354,138	583,653	(28,157)	(574,532)	-	335,102
Expenditure from grants	896,797	-	(71,233)	115,694	-	941,258
Local authority capital grants	14,540	-	(2,638)	-	-	11,902
Restricted Fixed Asset	209,105	-	(4,781)	-	-	204,324
	<u>3,958,437</u>	<u>583,653</u>	<u>(173,707)</u>	<u>(458,838)</u>	<u>-</u>	<u>3,909,545</u>
Total restricted funds	<u>3,591,989</u>	<u>2,873,705</u>	<u>(2,704,786)</u>	<u>-</u>	<u>37,000</u>	<u>3,797,908</u>
Total of funds	<u><u>3,748,326</u></u>	<u><u>2,974,066</u></u>	<u><u>(2,797,997)</u></u>	<u><u>-</u></u>	<u><u>37,000</u></u>	<u><u>3,961,395</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds - all funds	140,696	99,394	(83,753)	-	-	156,337
	<u>140,696</u>	<u>99,394</u>	<u>(83,753)</u>	<u>-</u>	<u>-</u>	<u>156,337</u>

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20. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	(8,850)	1,578,007	(1,247,234)	(146,114)	-	175,809
Other DfE/ESFA grants	-	68,503	(68,503)	-	-	-
Local Authority grants	-	343,867	(343,867)	-	-	-
Pupil Premium	23,610	158,328	(152,195)	-	-	29,743
Cif grants	-	-	-	-	(310,000)	(310,000)
Pension reserve	(241,000)	-	(21,000)	-	-	(262,000)
	<u>(226,240)</u>	<u>2,148,705</u>	<u>(1,832,799)</u>	<u>(146,114)</u>	<u>(310,000)</u>	<u>(366,448)</u>

Restricted fixed asset funds

Inherited fixed assets	2,602,408	-	(118,551)	-	-	2,483,857
DfE/ESFA Capital grants	363,378	8,570	(17,809)	-	-	354,139
Expenditure from grants	787,621	-	(36,938)	146,114	-	896,797
Local authority capital grants	17,178	-	(2,638)	-	-	14,540
Restricted Fixed Asset	-	217,681	(8,577)	-	-	209,104
	<u>3,770,585</u>	<u>226,251</u>	<u>(184,513)</u>	<u>146,114</u>	<u>-</u>	<u>3,958,437</u>
Total restricted funds	<u>3,544,345</u>	<u>2,374,956</u>	<u>(2,017,312)</u>	<u>-</u>	<u>(310,000)</u>	<u>3,591,989</u>
Total of funds	<u><u>3,685,041</u></u>	<u><u>2,474,350</u></u>	<u><u>(2,101,065)</u></u>	<u><u>-</u></u>	<u><u>(310,000)</u></u>	<u><u>3,748,326</u></u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the ESFA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy.

The Other DfE/ESFA grants fund has been created to recognise the restricted grant funding received from the DfE/ESFA which fall outside the scope of core funding.

The Local Authority grants fund has been created to recognise the restricted grant funding received from the Local Authority.

The pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority which represent the school site inherited from the local authority including the leasehold land and buildings and all material items of plant and machinery therein. Depreciation charged on those inherited assets is allocated to this fund.

The capital grant funds have been created to recognise the capital grants received from DfE/ESFA and others for the purpose of the acquisition of tangible fixed assets. Expenditure made from this fund is transferred to the capital expenditure from grants fund. Depreciation relating to these assets has been allocated to this fund.

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

The Capital expenditure from grants fund has been created to reflect the value of tangible fixed assets purchased from GAG funding and from the capital grants fund.

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

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,840,830	3,840,830
Investment property	-	-	106,275	106,275
Current assets	165,397	620,008	-	785,405
Creditors due within one year	(1,910)	(115,645)	(6,260)	(123,815)
Creditors due in more than one year	-	-	(31,300)	(31,300)
Provisions for liabilities and charges	-	(616,000)	-	(616,000)
	<u>163,487</u>	<u>(111,637)</u>	<u>3,909,545</u>	<u>3,961,395</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2016 £</i>	<i>Restricted funds 2016 £</i>	<i>Restricted fixed asset funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	-	-	3,969,811	3,969,811
Investment property	-	-	106,275	106,275
Current assets	82,948	380,607	-	463,555
Creditors due within one year	73,389	(175,055)	(80,089)	(181,755)
Creditors due in more than one year	-	-	(37,560)	(37,560)
Provisions for liabilities and charges	-	(572,000)	-	(572,000)
	<u>156,337</u>	<u>(366,448)</u>	<u>3,958,437</u>	<u>3,748,326</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net income for the year (as per Statement of Financial Activities)	176,069	373,285
Adjustment for:		
Depreciation charges	173,709	184,511
Increase in debtors	(194,863)	(7,063)
(Decrease)/increase in creditors	(64,200)	24
Capital grants from DfE and other capital income	(583,653)	(52,624)
Defined benefit pension scheme cost less contributions payable	69,000	12,000
Defined benefit pension scheme finance cost	12,000	9,000
Net cash (used in)/provided by operating activities	(411,938)	519,133

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	524,685	397,697
Total	524,685	397,697

24. CAPITAL COMMITMENTS

At 31 August 2017 the academy had capital commitments as follows:

	2017	2016
	£	£
Contracted for but not provided in these financial statements	127,170	-

25. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £130,832 (2016 - £122,078).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £79,213 (2016 - £69,627), of which employer's contributions totalled £59,442 (2016 - £52,176) and employees' contributions totalled £19,771 (2016 - £17,451). The agreed contribution rates for future years are 12.3% for employers and 5.5 - 7.5% for employees.

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

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

25. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %
Increase in RPI	3.60 %	3.20 %

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

	2017	2016
Retiring today		
Males	22.2	22.9
Females	24.7	25.3
Retiring in 20 years		
Males	24.3	25.2
Females	27.0	27.7

Sensitivity analysis	At 31 August	At 31 August
	2017	2016
	£	£
Discount rate +0.1%	974,000	835,000
Discount rate -0.1%	1,043,000	896,000
Mortality assumption + 1 year increase	1,040,000	887,000
Mortality assumption - 1 year decrease	977,000	843,000
Long term salary increase +0.1%	1,013,000	869,000
Long term salary increase -0.1%	1,003,000	861,000

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

	Fair value at	Fair value at
	31 August	31 August
	2017	2016
	£	£
Equities	256,000	201,000
Gilts	24,000	11,000
Other Bonds	15,000	13,000
Property	38,000	32,000
Cash and other liquid assets	12,000	9,000
Alternative assets	30,000	13,000
Other managed funds	17,000	14,000
	392,000	325,000

The actual return on scheme assets was £49,000 (2016 - £33,000).

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

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

	2017 £	2016 £
Current service cost	(127,000)	(64,000)
Interest income	7,000	9,000
Interest cost	(19,000)	(18,000)
	<u> </u>	<u> </u>
Total	<u><u>(139,000)</u></u>	<u><u>(73,000)</u></u>

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

	2017 £	2016 £
Opening defined benefit obligation	865,000	431,000
Current service cost	127,000	64,000
Interest cost	19,000	18,000
Employee contributions	19,000	18,000
Actuarial (gains)/losses	(22,000)	334,000
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u><u>1,008,000</u></u>	<u><u>865,000</u></u>

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

	2017 £	2016 £
Opening fair value of scheme assets	293,000	190,000
Expected return on assets	42,000	24,000
Interest income	7,000	9,000
Actuarial gains	(27,000)	-
Employer contributions	58,000	52,000
Employee contributions	19,000	18,000
	<u> </u>	<u> </u>
Closing fair value of scheme assets	<u><u>392,000</u></u>	<u><u>293,000</u></u>

26. RELATED PARTY TRANSACTIONS

No related party transactions took place in the year.

27. CONTROLLING PARTY

There is no ultimate controlling party.

KENNINGTONS PRIMARY ACADEMY
(A company limited by guarantee)

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

28. 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.