

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 13
Statement on regularity, propriety and compliance	14
Statement of Trustees' responsibilities	15
Independent auditors' report on the financial statements	16 - 18
Independent reporting accountant's assurance report on regularity	19 - 20
Statement of financial activities incorporating income and expenditure account	21
Balance sheet	22
Statement of cash flows	23
Notes to the financial statements	24 - 46

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

All the Trustees are company members, as set out in the company's Articles of Association.

Trustees

S White, Chair of Trustees
N Burgoyne, Head Teacher
M Rowe, Vice Chair
J Dessaur, Trustee
D Johnson, Trustee
A King, Trustee (resigned 30 October 2017)
J Logan, Trustee
S Shaw, Trustee
M Warnes, Trustee
D Bevan, Trustee
E Brain, Trustee
S Hardman, Trustee (resigned 15 September 2017)
F Hubbard, Staff Trustee
S Tingey, Staff Trustee (resigned 30 October 2017)
R Cooper, Trustee (resigned 25 September 2017)
J Ellis, Staff Trustee
W Rodgers, Trustee (resigned 30 May 2018)
K Abbott, Staff Trustee
L Hunwicks, Staff Trustee
M Bearn, Trustee (appointed 1 November 2017)
C Beresford, Trustee (appointed 1 November 2017)
T Corker, Staff Trustee (appointed 27 November 2017)

Company registered number

07681739

Company name

Kesgrave High School

Principal and registered office

Kesgrave High School, Main Road, Ipswich, Suffolk, IP5 2PB

Company secretary

J Garnett

Independent auditors

Larking Gowen LLP, 1 Claydon Business Park, Great Blakenham, Ipswich, Suffolk, IP6 0NL

Bankers

Lloyds Bank PLC, Ipswich, Suffolk, IP1 1DG

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Solicitors

Stone King LLP, Wellington House, East Road, Cambridge, CB1 1BH

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Governors' report, and a directors' report under company law. The trust operates an academy for pupils aged 11 to 19 serving a catchment area in east Ipswich and surrounding area. It has a pupil capacity of 1,800 and had a roll of 1,854 in the school census on 5 October 2018 due to the decision taken to increase specific year groups.

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 are the primary governing document of the Academy Trust.

The Governors of Kesgrave High School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Kesgrave High School.

Details of the Governors who served during the 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. Governors' indemnities

The Academy has purchased insurance to cover Governors and officers from claims arising from negligent acts, errors or omissions occurring while on Academy business. Details of the costs can be found in Note 11 to the accounts.

d. Method of recruitment and appointment or election of Trustees

The management of the company is the responsibility of the Governors who are appointed under the terms of the Articles of Association.

Governors are subject to retirement after a term of 4 years. After the term, they are eligible for re-election at the meeting at which they retire.

All new Governors are given an initial briefing by the Chair, a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors, and further training also available to them.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

e. Policies and procedures adopted for the induction and training of Trustees

During the year under review, the Governors held 7 meetings. The training and induction provided for the new Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational, legal and financial matters. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual. The Academy provides INSET training and buys into other training programmes. A record of training is kept up to date by the Link Governor and Clerk.

f. Organisational structure

The management structure consists of three levels: the Governors, Governing Body Committees and the Leadership Team.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy Trust by the use of budgets, and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. Committees of the Governing Body have delegated responsibilities. Committees exist for Steering committee, Curriculum Standards and Staffing committee, Student and Community Committee, Finance Committee, Premises Committee, Hearings Committee, Appeals Committee, Pupil Discipline Committee, Admissions Committee and Audit Committee.

The Senior Leadership team consists of the Headteacher and 2 Deputy Headteachers. These managers control the Academy Trust at an executive level implementing the policies laid down by the Governors and reporting back to them. The Headteacher is the Accounting Officer.

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

The pay and remuneration of the key management team is reviewed and set by the Governors' Pay Committee, following the performance management cycle. This is benchmarked to be consistent with national leadership pay scales, relating to the size of the Academy.

h. Trade union facility time

During the year:

- there were no employees who were relevant union officials during the 2017/18 financial year;
- there was no time spent on facility time during the 2017/18 financial year; and
- there was no time spent on paid trade union activities during the 2017/18 financial year.

i. Connected organisations including related party relationships

Kesgrave High School operates with Farlingaye High School as a Teaching School, and a separate Company (Farlingaye Kesgrave Teaching Alliance) with its own auditing, governance and checking mechanisms has been set up to manage this relationship. The company was set up on 30 July 2012 and is a joint venture between Kesgrave High School and Farlingaye High School.

j. Risk management

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

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

operational areas (eg in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (eg 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 that they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

The Governors have considered the need for specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed an external Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. To assist with this role, Governors have procured the Responsible Officer Support Service from Schools' Choice. On a quarterly basis, Schools' Choice undertake an independent review of the financial systems and provide a written report providing feedback on how the Academy's financial affairs are being discharged. The appointed RO Governor then presents this report back to all Governors. The report includes action points identifying any areas for improvement.

This provides the Governing Body with assurance that:

- the financial responsibilities of the Governing Body are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

These arrangements can provide only reasonable and not absolute assurance that assets are safe guarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Objectives and Activities

a. Objects and aims

The Objects as set out in the company's Articles of Association are to advance for the public benefit education in the United Kingdom by carrying on, managing and developing a school offering a broad and balance curriculum. To promote for the benefit of the inhabitants of Ipswich and the surrounding area the provision of facilities for recreation or other leisure time occupation.

We are proud to uphold our values as a Learning community, whereby we do our best to empower students and staff. Since the school opened in 1931, there has been a tradition of using active learning strategies and a sense of adventure and challenge in lessons, and extra-curricular activities. Kesgrave is the birthplace of the three period day, and the ninety-five minute sessions generate prime conditions for collaborative learning, the development of reflective thinking and high order learning skills. We have raised standards not by over-testing, but by nurturing the confidence of learners through formative assessment, learning dialogues and outstanding teaching. Mixed ability groupings are the norm in subjects across the school and skilful, innovative teaching strategies provide the foundation for impressive attainment and achievement. Youngsters are incredibly supportive of each other, confident in taking on the mantle of the expert to teach others. This mutually supportive culture can be seen in every aspect of school life.

We are keen to share good practise and to develop skills and innovation as part of our Teaching School status, having developed a sustainable Teaching School Alliance with over 18 member schools.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

b. Objectives, strategies and activities

- To implement our plan as a Teaching School in collaboration with Farlingaye High School, to ensure that we build a strong Alliance of mutually supportive schools.
- To manage the new Astro turf facility to ensure positive community and school use.
- To strengthen our CPD programme.
- To develop stronger partnerships with other schools and academies.
- To build and open a £950,000 teaching block
- To raise achievement levels for students across the ability spectrum.
- To investigate and decide whether to set up a Multi-Academy Trust

c. Public benefit

The school provides a wide range of extra-curricular activities for all its students at lunchtime and after school. Many activities, such as the successful and oversubscribed Duke of Edinburgh scheme, take place at weekends. We also have regular usage of our sports and creative arts facilities by a wide range of community groups. The school caters for over 1,854 students at a level Ofsted describes as good. The Academy has complied with the duties in its remit to provide a comprehensive education for all its students, together with providing significant public benefit in terms of extra-curricular activities and community use of the school's facilities.

The charitable company's aims are set out in this report. The Governors have complied with their duty under Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission and the Governors have paid due regard to this guidance in deciding what activities the charitable company should undertake.

Strategic report

a. Achievements and performance

- The Teaching School had a very busy and vibrant seventh year, successfully achieving all its targets.
- Successful fourth year as a Maths Hub for Suffolk & Norfolk.
- Designated and operating as a centre of excellence for Computing.

b. Examination Results 2018

- At Key Stage 4, 81% of students achieved 4-9 grades in English and 91% of students achieved 4-9 grades in Maths at GCSE.
- At A Level, our results are in line with expectations. 75% achieved grades A*-C, with particularly strong value added performance.

c. Going concern

After making appropriate enquiries, the board of Governors 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 statement. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies. The Academy is raising its PAN for a fourth year due to high demand from the catchment area, with funding lagging. In 2016 we secured two temporary classrooms for 5 years to ease the capacity issue, together with a new teaching block comprising 4 classrooms opened in April 2018.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

d. Key performance indicators

Kesgrave High School converted to academy status on 1 August 2011 and was a school rated 'Outstanding' by Ofsted in November 2008. The school has now been rated 'Good' after inspection by Ofsted in September 2013 and November 2018, with Outstanding Behaviour, Sixth Form performance and Special Educational Needs provision.

The total number of students on role in the year ended 31 August 2018 numbered 1,854. From 1 September 2017, the Academy has a PAN (Pupil Admissions Number) each year of 280 for Year 11, and a temporary PAN of 308 in Years 7, 8 9 and 10.

The most important financial key performance indicator is the movement on unrestricted general and GAG funds which is included in the Financial Review section below.

Financial Review

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. These grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy has also been in receipt of capital grants from the ESFA through the bid process for Capital Maintenance Fund. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP FRS 102), 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.

The net movement on total funds over the year was a deficit of £34,885 (2017 - £2,241,840 surplus).

The deficit of expenditure over income for the year (calculated as movement on unrestricted and restricted income funds, excluding pension reserve) was £19,498 (2017 - £163,893 surplus). £10,000 (2017 - £14,386) was added to the designated AGP fund.

The Academy has total unrestricted and restricted income funds, excluding pension reserve, of £485,356 (2017 - £505,854).

At 31 August 2018, the net book value of fixed assets was £16,161,222 (2017 - £15,859,931) and movements in tangible fixed assets are shown in the note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

In accordance with FRS 102, the Academy received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2018 and supporting notes to the accounts (see note 20).

a. Financial risk management objectives and policies

The Governors have undertaken a review of the major risks the Academy faces and are confident that adequate controls are in place to mitigate those risks. The Governors see a large value in the risk review process and are setting up systems to develop this over the next period.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

b. Principal risks and uncertainties

The key risks facing the Academy relate to the uncertain financial outlook, with unpredictability over income, which is at best stable, whilst expenditure costs are continuing to rise. There are problems in planning for future growth due to the lack of available capital funding. We will continue to bid for capital funding.

c. Reserves policy

The school is only able to maintain a small reserve at present, to ensure we cover maintenance costs which arise, particularly in the 1930's section of the school. We have an agreed policy to ensure that we seek suitable investment advice if our reserves grow, but at present this is not an issue for the Academy.

The Trust's target for free reserves is one month's expenditure, which currently approximates to £712,000 (2017 - £700,000). It is aimed to increase reserves to meet this target over a number of years.

Free reserves stood at £353,545 (2017 - £369,380) at the year end. An additional £10,000 (2017 - £54,386) has been designated for replacement of the Artificial Grass Pitch (AGP) leaving a total of £64,386 carried forward on this fund. The Academy also had £67,425 (2017 - £82,088) of funding which had been restricted for various education activities.

The pension reserve is in deficit due to the Academy's share of the LGPS liabilities exceeding its share of the assets.

d. Investments policy

The Governors consider the most appropriate policy is for the surplus funds to be held on bank deposit, although we have adopted an Investment Policy should our Reserves position improve.

Fundraising

The fundraising activities undertaken by the school include non-uniform days and occasional cake sales. Proceeds from these are donated to charities chosen by the students. We do not work with any professional fundraisers and we have received no complaints.

Plans for future periods

We plan to develop the Teaching School Alliance into a financially sustainable enterprise in association with our partner, Farlingaye High School.

We are also keen to develop the infrastructure related to the astroturf facility ensuring there is a reserve of funds to maintain and refurbish the facility in the future.

The Governors are at an advanced stage in the process of setting up a Multi Academy Trust in collaboration with two other large local secondary schools in the first instance. A decision will be taken once the consultation and due diligence processes have been completed on whether to apply to the Regional Commissioner to become part of a new Trust.

We are planning Sixth Form growth as larger and very able year groups progress through the school, helping us to build a stronger financial base.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

Disclosure of information to auditors

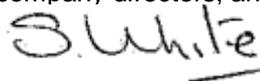
Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all 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.

Auditors

Larking Gowen have been appointed as independent auditors following a tender process.

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



S White
Chair of Trustees

Date: 6 December 2018

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Kesgrave High School 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 governors has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Kesgrave High School and the Secretary of State for Education. They are also responsible for reporting to the board of governors 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 governors has formally met 7 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Trustee	Meetings attended	Out of a possible
S White, Chair of Trustees	7	7
N Burgoyne, Head Teacher	7	7
M Rowe, Vice Chair	6	7
J Dessaur, Trustee	5	7
D Johnson, Trustee	6	7
A King, Trustee	1	1
J Logan, Trustee	7	7
S Shaw, Trustee	7	7
M Warnes, Trustee	1	7
D Bevan, Trustee	5	7
E Brain, Trustee	7	7
F Hubbard, Staff Trustee	5	7
S Tingey, Staff Trustee	1	1
R Cooper, Trustee	1	1
J Ellis, Staff Trustee	5	7
W Rodgers, Trustee	3	4
K Abbott, Staff Trustee	6	7
L Hunwicks, Staff Trustee	3	7
M Bearn, Trustee	2	6
C Beresford, Trustee	5	6
T Corker, Staff Trustee	3	6

- Steve Hardman and Rachel Cooper resigned in September 2017 and Alan King resigned in October 2017.
- One new Staff Governor was appointed in October 2017 – Tom Corker, following Stuart Tingey's term of office ending.
- The Governing Body operates 4 sub-committee groups to oversee the operation of the Academy:
 - Curriculum, Standards and Staffing
 - Wellbeing, Community and Business
 - Finance
 - Premises
- The Board regularly reviews its effectiveness, ensuring that it recruits new members to cover specialist knowledge. A new development has been the strengthening of the communication through the establishment of a Chairs Working Group to ensure Policies are reviewed and Committees are fully briefed.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- The Board uses benchmarking data from the DfE to ensure financial decision-making is making the best use of resources. It also uses progress data from the DfE and HR data relating to Staff Wellbeing.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
E Brain, Trustee	3	3
N Burgoyne, Head Teacher	3	3
T Corker, Staff Trustee	3	3
J Logan, Trustee	3	3
S Shaw, Trustee	3	3
C Beresford, Trustee	1	2
W Rodgers, Trustee	2	2
S White, Chair of Trustees	1	3
A Collett	3	3
T Legg	3	3

The Audit Committee is also a sub-committee of the main board of Governors. Its purpose is to:

- receive the auditor's reports and to recommend to the full Governing Body action as appropriate in response to audit findings;
- recommend to the full Governing Body the appointment or reappointment of the auditors of the Academy;
- review the annual accounts and make recommendations to the full Governing Body.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
E Brain, Trustee	1	1
S Shaw, Trustee	1	1
N Burgoyne, Head Teacher	1	1
S White, Chair of Trustees	1	1
A Collett	1	1

Review of Value for Money

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

- Running extra-curricular classes and clubs, including revision sessions
- Collaborating with Farlingaye High School as a Teaching School to deliver high quality CPD and Conferences
- Collaborating with the Inspiration Trust as the Norfolk and Suffolk Maths Hub, delivering courses and training in Maths Mastery
- A sustainable recruitment policy to attract skilled staff

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

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 Kesgrave High School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

The Risk and Control Framework

The Academy Trust'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 governors;
- regular reviews by the Finance 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 governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Schools' Choice as an external responsible officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

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

Review of Effectiveness

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

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

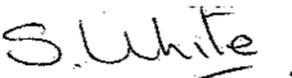
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

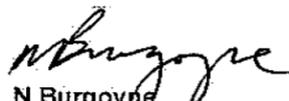
GOVERNANCE STATEMENT (continued)

improvement of the system is in place.

Approved by order of the members of the board of governors and signed on their behalf, by:


S White
Chair of Trustees

Date: 6 December 2018


N Burgoyne
Accounting Officer

Date: 6 December 2018

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

I confirm that 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.



N Burgoyne
Accounting Officer

Date: 6 December 2018

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

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

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

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

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

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

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

Approved by order of the members of the board of governors and signed on its behalf by:



S White
Chair of Trustees

Date: 6 December 2018

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KESGRAVE HIGH SCHOOL**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and,

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KESGRAVE HIGH SCHOOL**

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KESGRAVE HIGH SCHOOL**

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Lally Gower LLP

Giles Kerkham FCA DChA (Senior statutory auditor)

for and on behalf of

Larking Gowen LLP

Chartered Accountants
Statutory Auditors

Ipswich

Date: 12.12.2018

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KESGRAVE
HIGH SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 29 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kesgrave High School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Kesgrave High School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kesgrave High School 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 Kesgrave High School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Kesgrave High School's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Kesgrave High School's funding agreement with the Secretary of State for Education dated 1 September 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- Enquiry of senior management and the Academy's Governors.
- Inspection and review of the accounting records, meeting minutes, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KESGRAVE
HIGH SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Larking Gowen LLP

Larking Gowen LLP

Chartered Accountants
Statutory Auditors

Ipswich
1 Claydon Business Park
Great Blakenham
Ipswich
Suffolk
IP6 0NL

Date: *12.12.18*

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	6,109	550	36,985	43,644	1,016,786
Charitable activities	3	398,917	8,516,365	-	8,915,282	8,862,509
Other trading activities	4	158,245	20,709	-	178,954	170,775
Investments	5	627	-	-	627	636
Total income		563,898	8,537,624	36,985	9,138,507	10,050,706
Expenditure on:						
Charitable activities		541,830	8,697,852	526,710	9,766,392	9,446,866
Total expenditure	7	541,830	8,697,852	526,710	9,766,392	9,446,866
Net income / (expenditure) before transfers		22,068	(160,228)	(489,725)	(627,885)	603,840
Transfers between Funds	15	(27,903)	(67,435)	95,338	-	-
Net income / (expenditure) before other recognised gains and losses		(5,835)	(227,663)	(394,387)	(627,885)	603,840
Actuarial gains on defined benefit pension schemes	20	-	593,000	-	593,000	1,638,000
Net movement in funds		(5,835)	365,337	(394,387)	(34,885)	2,241,840
Reconciliation of funds:						
Total funds brought forward		423,766	(1,708,912)	16,615,968	15,330,822	13,088,982
Total funds carried forward		417,931	(1,343,575)	16,221,581	15,295,937	15,330,822

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07681739

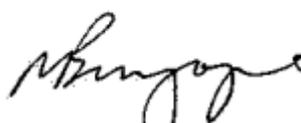
BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		16,161,222		15,859,931
Current assets					
Debtors	13	199,948		1,105,771	
Cash at bank and in hand		1,017,994		862,217	
			<u>1,217,942</u>	<u>1,967,988</u>	
Creditors: amounts falling due within one year	14	<u>(672,227)</u>		<u>(706,097)</u>	
Net current assets			<u>545,715</u>		<u>1,261,891</u>
Total assets less current liabilities			<u>16,706,937</u>		<u>17,121,822</u>
Defined benefit pension scheme liability	20		<u>(1,411,000)</u>		<u>(1,791,000)</u>
Net assets including pension scheme liabilities			<u><u>15,295,937</u></u>		<u><u>15,330,822</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	15	67,425		82,088	
Restricted fixed asset funds	15	16,221,581		16,615,968	
Restricted income funds excluding pension liability		16,289,006		16,698,056	
Pension reserve		<u>(1,411,000)</u>		<u>(1,791,000)</u>	
Total restricted income funds			<u>14,878,006</u>		<u>14,907,056</u>
Unrestricted income funds	15		<u>417,931</u>		<u>423,766</u>
Total funds			<u><u>15,295,937</u></u>		<u><u>15,330,822</u></u>

The financial statements on pages 21 to 46 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:



S White
Chair of Trustees



N Burgoyne
Head Teacher and Accounting Officer

Date: 6 December 2018

Date: 6 December 2018

The notes on pages 24 to 46 form part of these financial statements.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	17	<u>910,292</u>	<u>(498,237)</u>
Cash flows from investing activities:			
Dividends, interest and rents from current account		627	636
Purchase of property, plant and equipment		(792,127)	(600,694)
Capital grants from DfE Group		36,985	1,003,574
Net cash (used in)/provided by investing activities		<u>(754,515)</u>	<u>403,516</u>
Change in cash and cash equivalents in the year		155,777	(94,721)
Cash and cash equivalents brought forward		<u>862,217</u>	<u>956,938</u>
Cash and cash equivalents carried forward	18	<u><u>1,017,994</u></u>	<u><u>862,217</u></u>

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Kesgrave High School constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

Please also see the "Plans for future periods" section in the Trustees' Report which describes proposals for the school to operate within a Multi-Academy Trust. The final timing of transfer and form of the MAT have yet to be approved.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities 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 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 an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations are recognised on a receivable basis where 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.

Academy trip income and expenditure is classified as unrestricted.

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.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, 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:

Long leasehold	-	Over the life of the lease
Furniture and fixtures	-	10 years straight line
Motor vehicles	-	3 years straight line
Computer equipment	-	3 years straight line
Assets under construction	-	Not depreciated

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

1.6 Joint venture

The Academy Trust holds 50% of the ordinary shares of Farlingaye Kesgrave Teaching Alliance, a company registered in England and Wales.

This joint venture is recognised using the cost model, and this joint venture is a company limited by guarantee. As such, there is no cost to recognise, and therefore the requirements under FRS 102 are satisfied by disclosure in the notes to the financial statements.

A summary of the results of the Farlingaye Kesgrave Teaching Alliance for the year ended 31 August 2018 is shown in note 25.

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

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

1.9 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.

1.10 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.

1.11 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 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs 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.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a 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 scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.13 Fund accounting

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

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

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

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments are received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

The Academy acts as agent for funding received on behalf of FKTA – Farlingaye Kesgrave Teaching Alliance. A summary of transactions in the year have been disclosed in note 25.

1.15 Critical accounting estimates and areas of judgement

Estimates and judgements 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 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Donations	6,109	550	6,659	13,212
Capital Grants	-	36,985	36,985	1,003,574
	<u>6,109</u>	<u>37,535</u>	<u>43,644</u>	<u>1,016,786</u>
<i>Total 2017</i>	<u>13,212</u>	<u>1,003,574</u>	<u>1,016,786</u>	

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	8,060,862	8,060,862	8,077,170
Pupil Premium	-	179,169	179,169	170,269
Other ESFA/DfE Grants	-	24,000	24,000	24,000
	-	8,264,031	8,264,031	8,271,439
Other government grants				
Local authority grants	63,569	56,508	120,077	117,156
Other government grants	50,625	115,058	165,683	101,547
	114,194	171,566	285,760	218,703
Other funding				
Other incoming resources	4,805	80,768	85,573	64,200
Academy trips	264,918	-	264,918	293,167
Catering income	15,000	-	15,000	15,000
	284,723	80,768	365,491	372,367
	398,917	8,516,365	8,915,282	8,862,509
<i>Total 2017</i>	427,506	8,435,003	8,862,509	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Rental Income	94,454	-	94,454	90,924
Services	63,791	20,709	84,500	79,851
	158,245	20,709	178,954	170,775
<i>Total 2017</i>	160,761	10,014	170,775	

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest received	627	-	627	636
<i>Total 2017</i>	636	-	636	

6. SUPPORT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Governance costs	79,771	79,771	60,515
Maintenance of premises and equipment	562,778	562,778	530,812
Catering	26,658	26,658	29,695
Other support costs	127,648	127,648	218,902
Wages and salaries	483,542	483,542	496,758
National insurance	36,992	36,992	41,781
Pension cost	115,757	115,757	122,027
Depreciation	490,836	490,836	481,073
	1,923,982	1,923,982	1,981,563
<i>Total 2017</i>	1,981,563	1,981,563	

During the year ended 31 August 2018, the Academy incurred the following Governance costs: £79,771 (2017 - £60,515). These costs were in respect of auditors remuneration and legal and professional fees.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational operations:					
Direct costs	6,930,591	-	911,819	7,842,410	7,465,303
Support costs	636,293	663,005	624,684	1,923,982	1,981,563
	<u>7,566,884</u>	<u>663,005</u>	<u>1,536,503</u>	<u>9,766,392</u>	<u>9,446,866</u>
<i>Total 2017</i>	<u>7,321,067</u>	<u>652,320</u>	<u>1,473,479</u>	<u>9,446,866</u>	

In 2017, of the total expenditure, £380,712 was to unrestricted funds, £510,262 was to restricted fixed asset funds and £8,555,892 was to restricted funds.

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	490,836	481,074
Operating lease rentals	68,783	62,026
Auditors' remuneration - audit	10,200	9,000
Auditors' remuneration - other services	2,275	1,000
	<u>572,104</u>	<u>553,100</u>

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	5,782,031	5,527,290
Social security costs	547,812	526,004
Operating costs of defined benefit pension schemes	1,165,500	1,099,678
	7,495,343	7,152,972
Agency staff costs	24,541	99,095
Pension finance costs	47,000	69,000
	7,566,884	7,321,067

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

Included within staff costs is a non-statutory severance payment to a member of staff totalling £Nil (2017 - £6,000).

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	121	119
Administration and support	76	73
Management	9	10
	206	202

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	0
In the band £100,001 - £110,000	1	1

2 of the 3 employees above participate in the Teachers' Pension Scheme. During the year ended 31 August 2018 employer's pension contributions for these staff amounted to £25,236 (2017 - £24,696). None of the above employees participated in the Local Government Pension Scheme (2017 - None).

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

9. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £655,995 (2017 - £632,033).

10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

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

		2018	<i>2017</i>
		£'000	<i>£'000</i>
N Burgoyne, Head Teacher and Accounting Officer	Remuneration	105-110	<i>105-110</i>
	Pension contributions paid	-	-
F Hubbard, Staff Trustee	Remuneration	50-55	<i>50-55</i>
	Pension contributions paid	5-10	<i>5-10</i>
S Tingey, Staff Trustee	Remuneration	5-10	<i>40-45</i>
	Pension contributions paid	0-5	<i>5-10</i>
J Ellis, Staff Trustee	Remuneration	25-30	<i>25-30</i>
	Pension contributions paid	5-10	<i>5-10</i>
K Abbott, Staff Trustee	Remuneration	45-50	<i>30-35</i>
	Pension contributions paid	5-10	<i>5-10</i>
L Hunwicks, Staff Trustee	Remuneration	40-45	<i>25-30</i>
	Pension contributions paid	5-10	<i>0-5</i>
T Corker, Staff Trustee	Remuneration	45-50	-
	Pension contributions paid	5-10	-

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

11. 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £960 (2017 - £960).

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

12. TANGIBLE FIXED ASSETS

	Long leasehold	Furniture and fixtures	Computer equipment	Motor vehicles
Cost				
At 1 September 2017	17,831,222	148,391	533,363	-
Additions	688,440	36,979	60,508	6,200
Transfer between classes	197,665	-	-	-
At 31 August 2018	<u>18,717,327</u>	<u>185,370</u>	<u>593,871</u>	<u>6,200</u>
Depreciation				
At 1 September 2017	2,327,710	38,037	484,963	-
Charge for the year	442,856	15,939	31,180	861
At 31 August 2018	<u>2,770,566</u>	<u>53,976</u>	<u>516,143</u>	<u>861</u>
Net book value				
At 31 August 2018	<u>15,946,761</u>	<u>131,394</u>	<u>77,728</u>	<u>5,339</u>
<i>At 31 August 2017</i>	<u>15,503,512</u>	<u>110,354</u>	<u>48,400</u>	<u>-</u>
			Assets in the course of construction	Total
Cost				
At 1 September 2017			197,665	18,710,641
Additions			-	792,127
Transfer between classes			(197,665)	-
At 31 August 2018			<u>-</u>	<u>19,502,768</u>
Depreciation				
At 1 September 2017			-	2,850,710
Charge for the year			-	490,836
At 31 August 2018			<u>-</u>	<u>3,341,546</u>
Net book value				
At 31 August 2018			<u>-</u>	<u>16,161,222</u>
<i>At 31 August 2017</i>			<u>197,665</u>	<u>15,859,931</u>

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

12. TANGIBLE FIXED ASSETS (continued)

The Academy Trust's transactions relating to land and buildings included:

- The construction of a new classroom block totalling £666,923
- The cost of building work carried out on the dining hall totalled £21,517.

There were costs of £197,665 included in assets in the course of construction in the previous year. These capital costs were transferred to long leasehold and depreciated accordingly upon completion of the asset.

13. DEBTORS

	2018 £	2017 £
Trade debtors	23,692	18,957
Other debtors	38,016	51,625
Prepayments and accrued income	138,240	1,035,189
	199,948	1,105,771

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	137,581	133,394
Other creditors	426,612	289,592
Accruals and deferred income	108,034	283,111
	672,227	706,097

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	31,574	40,637
Resources deferred during the year	25,399	31,574
Amounts released from previous years	(31,574)	(40,637)
	25,399	31,574

At the balance sheet date the Academy Trust was holding funds received in advance for music tuition and trips that will take place in the 2018/19 school year.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

15. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
AGP fund	54,386	-	-	10,000	-	64,386
General funds						
Unrestricted funds	369,380	563,898	(541,830)	(37,903)	-	353,545
Total Unrestricted funds	423,766	563,898	(541,830)	(27,903)	-	417,931
Restricted funds						
Restricted Funds - general funds	67,695	476,762	(477,032)	-	-	67,425
General Annual Grant (GAG)	14,393	8,060,862	(8,007,820)	(67,435)	-	-
Pension reserve	(1,791,000)	-	(213,000)	-	593,000	(1,411,000)
	(1,708,912)	8,537,624	(8,697,852)	(67,435)	593,000	(1,343,575)
Restricted fixed asset funds						
Transfer on conversion	13,197,728	-	(397,642)	-	-	12,800,086
DFE group capital grants	3,078,904	36,985	(86,090)	-	-	3,029,799
Capital expenditure from GAG	288,359	-	(29,705)	95,338	-	353,992
Capital expenditure from other funds	50,977	-	(13,273)	-	-	37,704
	16,615,968	36,985	(526,710)	95,338	-	16,221,581
Total restricted funds	14,907,056	8,574,609	(9,224,562)	27,903	593,000	14,878,006
Total of funds	15,330,822	9,138,507	(9,766,392)	-	593,000	15,295,937

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

Restricted General Funds

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

Restricted Pension Reserve

These funds represent the LGPS obligation to the employees of the Academy Trust.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

15. STATEMENT OF FUNDS (continued)

Restricted Fixed Asset Fund

These funds relate to capital funding to carry out works of a capital nature.

Unrestricted Funds

These funds relate to unrestricted income to be used to support the Academy's objectives and educational activities.

AGP Fund

This represents a fund designated by the Trustees out of unrestricted funds to go towards replacement of the Artificial Grass Pitch.

Transfers

£67,435 was transferred from GAG to restricted fixed asset funds to represent tangible fixed assets acquired out of GAG. Similarly £27,903 was transferred from unrestricted funds to restricted fixed asset funds to represent tangible fixed assets acquired out of unrestricted funds.

£10,000 was transferred from unrestricted funds to designated funds to represent additional amounts designated by the trustees to go towards the replacement of the AGP.

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
AGP fund	40,000	-	-	14,386	-	54,386
General funds						
Unrestricted funds	254,101	602,115	(380,712)	(106,124)	-	369,380
Total unrestricted funds	294,101	602,115	(380,712)	(91,738)	-	423,766
Restricted funds						
Restricted Funds - general funds	47,860	367,847	(350,828)	2,816	-	67,695
General Annual Grant (GAG)	-	8,077,170	(7,998,064)	(64,713)	-	14,393
Pension reserve	(3,222,000)	-	(207,000)	-	1,638,000	(1,791,000)
	(3,174,140)	8,445,017	(8,555,892)	(61,897)	1,638,000	(1,708,912)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	15,969,021	1,003,574	(510,262)	153,635	-	16,615,968
Total of funds	13,383,083	10,652,821	(9,827,578)	(91,738)	1,638,000	15,754,588

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	16,161,222	16,161,222
Current assets	974,323	167,359	76,260	1,217,942
Creditors due within one year	(556,392)	(99,934)	(15,901)	(672,227)
Provisions for liabilities and charges	-	(1,411,000)	-	(1,411,000)
	<u>417,931</u>	<u>(1,343,575)</u>	<u>16,221,581</u>	<u>15,295,937</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i> 2017 £	<i>Restricted funds</i> 2017 £	<i>Restricted fixed asset funds</i> 2017 £	<i>Total funds</i> 2017 £
Tangible fixed assets	-	-	15,859,931	15,859,931
Current assets	604,975	417,721	945,292	1,967,988
Creditors due within one year	(181,209)	(335,633)	(189,255)	(706,097)
Provisions for liabilities and charges	-	(1,791,000)	-	(1,791,000)
	<u>423,766</u>	<u>(1,708,912)</u>	<u>16,615,968</u>	<u>15,330,822</u>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(627,885)	603,840
Adjustment for:		
Depreciation charges	490,836	481,074
Interest receivable	(627)	(636)
Decrease/(increase) in debtors	905,823	(966,955)
(Decrease)/increase in creditors	(33,870)	181,014
Capital grants from DfE and other capital income	(36,985)	(1,003,574)
Defined benefit pension scheme cost less contributions payable	166,000	138,000
Defined benefit pension scheme finance cost	47,000	69,000
Net cash provided by/(used in) operating activities	<u>910,292</u>	<u>(498,237)</u>

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	<i>2017</i>
	£	£
Cash in hand	1,017,994	<i>862,217</i>
Total	1,017,994	<i>862,217</i>

19. CAPITAL COMMITMENTS

At 31 August 2018 the academy had capital commitments as follows:

	2018	<i>2017</i>
	£	£
Committed to but not provided in these financial statements	140,741	<i>773,015</i>

20. 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 Suffolk 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.

Contributions amounting to £31,093 were payable to the schemes at 31 August 2018 (*2017 - £30,353*) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

20. PENSION COMMITMENTS (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £431,500 (2017 - £415,678).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £352,000 (2017 - £337,000), of which employer's contributions totalled £284,000 (2017 - £273,000) and employees' contributions totalled £68,000 (2017 - £64,000). The agreed contribution rates for future years are 25.5% for employers and 6.25% 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:

	2018	<i>2017</i>
Discount rate for scheme liabilities	2.40 %	<i>2.40 %</i>
Rate of increase in salaries	2.70 %	<i>2.70 %</i>
Rate of increase for pensions in payment / inflation	2.80 %	<i>2.50 %</i>

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

20. PENSION COMMITMENTS (continued)

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

	2018	<i>2017</i>
Retiring today		
Males	21.9	<i>21.9</i>
Females	24.4	<i>24.4</i>
Retiring in 20 years		
Males	23.9	<i>23.9</i>
Females	26.4	<i>26.4</i>

Sensitivity analysis	At 31 August 2018	<i>At 31 August 2017</i>
	£	<i>£</i>
Discount rate +0.1%	(162,000)	<i>(151,000)</i>
Discount rate -0.1%	162,000	<i>151,000</i>
Mortality assumption - 1 year increase	264,000	<i>259,000</i>
Mortality assumption - 1 year decrease	(264,000)	<i>(259,000)</i>
CPI rate +0.1%	130,000	<i>117,000</i>
CPI rate -0.1%	(130,000)	<i>(117,000)</i>

For sensitivity purposes the Actuary has advised that they estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by 3-5%, but that in practice the actual cost would depend on the structure of the revised assumption. The table above discloses the monetary impact of a 4% change.

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

	Fair value at 31 August 2018	<i>Fair value at 31 August 2017</i>
	£	<i>£</i>
Equities	3,212,000	<i>3,178,000</i>
Debt instruments	1,398,000	<i>981,000</i>
Property	518,000	<i>467,000</i>
Cash	52,000	<i>47,000</i>
Total market value of assets	<u>5,180,000</u>	<i><u>4,673,000</u></i>

The actual return on scheme assets was £284,000 (2017 - £273,000).

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

20. PENSION COMMITMENTS (continued)

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

	2018	2017
	£	£
Current service cost	(450,000)	<i>(411,000)</i>
Expected return on scheme assets	120,000	<i>86,000</i>
Interest on obligation	(167,000)	<i>(155,000)</i>
	<hr/>	<hr/>
Total	(497,000)	<i>(480,000)</i>
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£	£
Opening defined benefit obligation	6,464,000	<i>7,193,000</i>
Current service cost	450,000	<i>411,000</i>
Interest cost	167,000	<i>155,000</i>
Employee contributions	68,000	<i>64,000</i>
Actuarial gains	(475,000)	<i>(1,280,000)</i>
Benefits paid	(83,000)	<i>(79,000)</i>
	<hr/>	<hr/>
Closing defined benefit obligation	6,591,000	<i>6,464,000</i>
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£	£
Opening fair value of scheme assets	4,673,000	<i>3,971,000</i>
Actuarial gains	118,000	<i>358,000</i>
Employer contributions	284,000	<i>273,000</i>
Employee contributions	68,000	<i>64,000</i>
Benefits paid	(83,000)	<i>(79,000)</i>
Expected return on assets	120,000	<i>86,000</i>
	<hr/>	<hr/>
Closing fair value of scheme assets	5,180,000	<i>4,673,000</i>
	<hr/> <hr/>	<hr/> <hr/>

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

21. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	79,920	73,505
Between 1 and 5 years	79,950	86,341
Total	<u>159,870</u>	<u>159,846</u>

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year the academy received income in respect of teacher training of £115,058 (2017 - £66,547) from Farlingaye Kesgrave Teaching Alliance (FKTA), a joint venture. The salary of the administrator of FKTA is an employee of Kesgrave High School and her salary is recharged at cost.

23. CONTROLLING PARTY

There is no ultimate controlling party.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

24. JOINT VENTURE

The Academy Trust is a joint member with 50% control over Farlingaye Kesgrave Teaching Alliance, a company limited by guarantee and registered in England and Wales (company number 08160407). The other member of the company is Farlingaye High School.

Both Kesgrave High School and Farlingaye High School were designated as a joint Teaching School in July 2011. As a result, they formed the Farlingaye Kesgrave Teaching Alliance to strive to continually improve the quality of teaching, learning and standards for students locally.

The investment is accounted for at cost less impairment, which is considered to be £Nil at 31 August 2018 (2017 - £Nil).

If the investment in Farlingaye Kesgrave Teaching Alliance had been accounted for using the equity method, the impact would have been:

	2018	2017
	£	£
Impact on surplus	(4,727)	(6,924)
Impact on investments	58,788	63,515

The Academy Trust's share of the results of Farlingaye Kesgrave Teaching Alliance for the year ended 31 August 2018 and the balance sheet as that date are:

	2018	2017
	£	£
Income derived from educational activities	241,850	277,479
Expenditure derived from educational activities	(246,577)	(284,403)
Assets	113,261	118,647
Liabilities	(54,473)	(55,132)
Reserves	58,788	63,515

25. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £21,330 (2017 - £21,868) and disbursed £13,319 (2017 - £51,548) from the fund. A cumulative amount of £25,483 (2017 - £17,472) is included in other creditors relating to undistributed funds that are repayable to ESFA.

The Academy acts as agent for funding received on behalf of Farlingaye Kesgrave Teaching Alliance (FKTA). During the year grant income of £442,638 (2017 - £517,000) was received by the academy, which was then paid over to FKTA.

The Academy acts as agent for funding received as part of the Maths Hub project. In the accounting period ending 31 August 2018 the trust received £330,552 (2017 - £229,632) and disbursed £203,116 (2017 - £121,650) from the fund. A cumulative amount of £280,222 (2017 - £152,786) is included in other creditors related to undistributed funds that are repayable.

KESGRAVE HIGH SCHOOL
(A company limited by guarantee)

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

26. MEMBERS' LIABILITY

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