
RED KITE SCHOOLS TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 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 report on regularity	19 - 20
Statement of financial activities incorporating income and expenditure account	21
Balance sheet	22 - 23
Statement of cash flows	24
Notes to the financial statements	25 - 49

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	L Gibbs R Stretch A Waddy S Walton K Wilson
Trustees	S Walton, Chair of Trustees G Budgell (appointed 14 November 2019) A Garnett A McNaney, Executive Headteacher and Accounting Officer K Morris (resigned 31 July 2020) A Ogden M Park (resigned 25 March 2020)
Company registered number	07697482
Company name	Red Kite Schools Trust
Principal and registered office	White Hill Chesham Buckinghamshire HP5 1BA
Company secretary	C Green (appointed 25 March 2020) N Wicks (resigned 25 March 2020)
Senior management team	A McNaney, Executive Headteacher A Martin, Interim CEO (to 2 April 2020) N Wicks, Interim COO (to 30 March 2020)
Independent auditors	Landau Baker Limited Chartered Accountants Statutory Auditors Mountcliff House 154 Brent Street London NW4 2DR
Bankers	Lloyds TSB PO Box 1000 Andover BX1 1LT
Solicitors	Veale Wasbrough Vizards Narrow Quay House Narrow Quay Bristol BS1 4QA

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates 2 primary and 1 secondary academies in Chesham, Buckinghamshire. Its academies have a combined pupil capacity of 1,725 and had a roll of 1,641 in the school census on 2nd October 2020.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of Red Kite Schools Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Red Kite Schools Trust.

Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the articles of association and funding agreement as follows:

- o The Executive Headteacher
- o 5 Trustees appointed by the Members
- o Additional Trustees appointed by the Member-appointed Trustees
- o Any Trustees appointed by the Secretary of State for Education

The term of office for any Trustee is 4 years. The Executive Headteacher's term of office runs parallel with her term of appointment. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be reappointed or re-elected.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their individual experience and expertise. Where necessary an induction will provide training on charity and educational, legal and financial matters. All Trustees are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as Trustees and directors of the Trust.

Organisational Structure

Red Kite Schools Trust has established a management structure to enable its efficient running. The structure consists of two levels: the Trustees and the executive who are the Senior Leadership Team.

The Trust Board has considered its role thoughtfully and decided that the role of the Trustees is to approve the strategic direction and objectives of the Trust and monitor its progress towards these objectives.

Trustees have approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The Executive Headteacher is directly responsible for the day to day running of the Trust.

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

The Executive Headteacher assumes the accounting officer role.

Arrangements for setting pay and remuneration of key management personnel

Red Kite Schools Trust follows national pay awards for teaching personnel and local pay awards for all other staff. Additional pay increases are linked to performance management and the meeting of agreed targets. Pay awards for the MAT senior team are approved by Trustees as are increases to the pay of Headteachers of academies within the Trust. When recruiting new MAT senior staff and Academy Headteachers, Trustees benchmark salary ranges against similar posts.

Related Parties and other Connected Charities and Organisations

As a member of Red Kite Schools Trust, Chesham Grammar Schools is part of the ASTRA Teaching Schools Alliance and has a strong working relationship with The Buckinghamshire Grammar Schools (TBGS). The relationship with TBGS is defined through the Executive Headteacher being a Director of the company. The Trust also has related party transactions between Chesham Grammar School and its School Fund.

Objectives and Activities

Objects and Aims

The principal object and activity of the Trust is the operation of Ivingswood Academy, Waterside Primary Academy and Chesham Grammar School to provide a broad and balanced education for pupils of all abilities in the Trust's care. The Trustees have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the Trust.

In accordance with the articles of association, the Trust has adopted a "Scheme of Government" approved by

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and Activities (continued)

the Secretary of State for Education. The Scheme of Government is part of the wider 'Master Funding Agreement' between the Company and the Secretary of State and 'Supplemental Funding Agreements' for each Academy.

The Scheme of Government specifies, amongst other things, that the academies will be at the heart of their communities promoting community cohesion and sharing facilities; the basis for admitting students to the academies, that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN; and the basis for charging pupils.

Objectives, Strategies and Activities

In 2020-21 there will be substantial changes to RKST as Ivingswood Academy and Waterside Primary Academy will be moving to a new Trust. This is expected to take place early in 2021. The objectives for the next year are therefore:

- o To support and facilitate the smooth transfer of Ivingswood Academy and Waterside Primary Academy to a new MAT.
- o To strengthen and consolidate Trust structures and processes including governance arrangements to ensure fitness for purpose for when the Trust reduces in size.
- o To achieve consistently high standards of teaching and learning at Chesham Grammar School.
- o To achieve best value in service delivery especially where partnership working can add value.

The Trust's vision of achieving excellence is underpinned by six core values and objectives:

- o **Educational excellence**– we want teaching and learning to be excellent so that all children and young people reach their full potential and have the very best start in life.
- o **School improvement**– we will ensure that we are on a continuous path of improvement and development across the Trust.
- o **A safe environment** – we want an environment where safeguarding is central to all our planning and decision making.
- o **A supportive environment** – we want leaders, staff, children and young people in our schools to enjoy an environment where they are supported as well as challenged.
- o **Transparency and openness** – we are transparent and open and communicate effectively with our stakeholders.
- o **Community engagement**– we are outward looking and seek to take an active role in the community we serve.

The values and objectives are underpinned **by financial astuteness and probity**– we manage our finances carefully, maximising opportunities to create excellent environments for learning.

- o The Trust secures value for money and consistent quality of support services through a combination of centrally procured and provided services. Services that are centrally procured by the Trust, but paid for directly by the academies, are legal services and audit services. Services that are directly provided or procured by the Trust and paid for by the Trust, on behalf of its academies include: group leadership, business and administration. The Trust retains a percentage of each academy's monthly ESFA income in order to provide these services. The percentage retention for the period to 31st August 2020 was 5%.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and Activities (continued)

Public benefit

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

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

- o Raising money for local, national and international charities.
- o Providing community events such as the annual Senior Citizens' Christmas party at Chesham Grammar School.

Strategic Report

Achievements and Performance

Chesham Grammar School is a co-ed selective secondary school and is the founding school for the MAT. It was rated outstanding by Ofsted in 2014. Ivingswood Academy joined the MAT in September 2015 as a sponsored academy. Waterside Primary Academy joined the MAT in May 2018 and is also a sponsored academy.

Key Performance Indicators

Owing to Covid-19 the Department for Education cancelled all primary school statutory assessments for primary schools that were due in Summer 2020. There is therefore no performance data to record for Ivingswood Academy and Waterside Primary Academy.

Performance data for Chesham Grammar School is as follows:

In the summer of 2020 exams did not take place and therefore exam results need to be considered in this context. Teaching staff, middle and senior leaders took the responsibility of awarding centre assessed grades very seriously and worked hard to produce results in line with previous figures.

A LEVEL

Cumulative data:

Year	2020
Cohort size	187
A*	21%
A*/A	48%
A*-B	80%
A*-E	100%

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic Report (continued)

Achievements and Performance (continued)

GCSE

Year	2020
Cohort size	178
9/8	47%
9-7	74%
9-5	98%

Academy Absence Data

Schools were required to close as a result of National Lockdown from 20 March. All three schools were open to key worker and vulnerable children throughout Lockdown and priority year groups were welcomed back to school during the summer term. The absence data below is the cumulative information for the Autumn and Spring terms up to 20 March as that is the period when all pupils were expected to have been in school.

Absence data by individual school is as follows

Chesham Grammar School

	2019/20
Authorised	5.9%
Unauthorised	0.6%
Total	6.5%

Ivingswood Academy

	2019/20
Authorised	3.8%
Unauthorised	2.6%
Total	6.4%

Waterside Academy

	2019/20
Authorised	4.7%
Unauthorised	1.6%
Total	6.3%

Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic Report (continued)

Financial Review

During the period, ESFA/LA grants received totalled to £8,509,718. Other income included within restricted funds totalled to £61,495. Restricted fund expenditure totalled to £8,725,198.

The main source of unrestricted income is income from trading activities, totalling to £89,918. Fundraising activities during the period included a Christmas Fayre, comedy night, virtual wine tasting and on line auction.

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12-month period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

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

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

Trustees, through the Finance and Audit and Premises Committee and Finance Manager, receive financial progress reports throughout the year and compare against budgets submitted to the Education and Skills Funding Agency. The Committee also review longer term financial models to plan and organise resources most effectively to fulfil the aims of the Trust.

Reserves Policy

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

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

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

The level of reserves held takes into account the nature of income and expenditure streams, the need to match

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

them with commitments, including future capital projects, and the nature of reserves. The Trustees will keep this level of reserves under review regularly and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the Trust.

Total reserves at the end of the period amounted to £19,030,391. This balance includes unrestricted funds (free reserves) of £710,416 which is considered appropriate for the Trust, and restricted funds of £18,319,975 which includes restricted fixed asset funds of £22,544,813 and a pension deficit of £4,181,000.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Trust due to the recognition of the deficit.

Investment Policy

It should be noted that the Trust has substantial power with regards to investments due to cash balances held. Investment policies are determined at Trust level. This ensures the level of funds the Trust holds can cover any immediate expenditure, without exposing the academies to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies, are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2020, no investments were held.

Principal risks and uncertainties

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

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

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the Trust faces, especially in the operational areas (e.g. 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 (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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

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

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

there was a deficit at 31 August 2020. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Fundraising

The Trust does not engage in any specific fundraising activities itself however the individual academies may fund raise in their own right. The opportunity for them to do this in this accounting period has been substantially reduced because of Covid-19 restrictions, however the income reduction from this has not been material to the accounts.

Plans for Future Periods

Ivingswood Academy and Waterside Primary Academy are due to transfer to another Trust early in 2021 with Red Kite Schools Trust reducing to a one-school MAT for the foreseeable future. A key priority is to ensure the transfer happens as seamlessly as possible and the Board is committed to supporting the incoming Trust as much as it can.

2020-21 began under very challenging circumstances with all three academies working under C-19 restrictions. Detailed risk assessments are in place with a key priority to keep pupils and staff as safe as possible. It is expected that the measures in place will continue until at least the end of the Spring term.

Addressing issues arising from the Spring Lockdown is a key priority for all three academies with the aim that pupils should catch up academically and be back to where they should be by the end of the academic year. Work will also be ongoing to address the social and emotional impact that C-19 has had on pupils. In the Autumn term the two primary schools are receiving school improvement support from the MAT which is expected to be their new home.

At the end of 2019-20 the Trust was notified of success with two CIF bids submitted for Ivingswood Academy. The bids were to replace roofing and boilers. The work is being carried out in the Autumn and Spring terms with completion due by the end of March.

Funds Held as Custodian Trustee on Behalf of Others

The Trust and its Trustees did not act as custodian Trustee during the current or previous period.

Auditor

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2020 and signed on its behalf by:



S Walton
Chair of Trustees

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 12 times during the year.

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

Trustee	Meetings attended	Out of a possible
S Walton, Chair of Trustees	11	12
G Budgell (appointed 14 November 2019)	4	6
A Garnett	9	12
A McNaney, Executive Headteacher and Accounting Officer	12	12
K Morris (resigned 31 July 2020)	11	12
A Ogden	12	12
M Park (responsible officer, resigned 25 March 2020)	4	8

Trustees currently also serve on the Finance and Audit and Premises Committee. Some also sit as governors on Local Governing Bodies.

The impact of each meeting is reviewed and monitored at the end of each meeting. The Trustees also intend to perform a self-evaluation review of governance in the coming year.

Key actions taken:

During 2019-20 RKST plans had to be re-assessed owing to the Regional Schools Commissioner's decision to terminate RKST's Funding Agreement for Ivingswood Academy and to move the school to a new Trust. This decision led the Board to request that Waterside Primary Academy also be rebrokered. The RSC's decision led to significant challenges for the Board and the MAT as plans for 2019-20 and beyond were predicated on growth. Those plans have now been put on hold for the short to medium term.

Actions the Board carried out in 2019-20 were:

- o New Trustee with primary educational experience appointed to enhance knowledge and understanding on the Board. This was in direct response to feedback from the RSC.
- o Plans put in place to appoint an external internal auditor to replace the Responsible Officer role carried out previously by a Trustee to ensure internal audit function is enhanced, particularly at a time of major change in the Trust.
- o Immediate action taken to ensure temporary senior appointments made to the MAT were fully compliant

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

with the Academies Financial Handbook. This included discussion with auditors, legal advisers and notification to the ESFA. Auditors and ESFA were content with the outcome.

- o MAT SLT arrangements reviewed once it was clear that planned growth was not going to occur.

The Finance and audit and premises committee is a sub-committee of the main board of Trustees. Its remit includes reviewing and monitoring Trust and academy budgets, reviewing and approving financial policy and procedures and ensuring these are followed and approving and monitoring risk. Its audit remit is to:

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

No significant issues to note were dealt with during the period.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
A Ogden (committee Chair)	7	7
G Budgell (appointed 14 November 2019)	3	4
A Garnett	6	7
A McNaney	7	7
K Morris (resigned 31 July 2020)	7	7
M Park (Responsible Officer, resigned 25 March 2020)	3	4
S Walton	6	7

Review of Value for Money

As accounting officer, the Executive Headteacher has responsibility for ensuring that the 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Trust has delivered improved value for money during the year by:

- o Negotiating 3-year contract to minimise annual cost increases
- o A rigorous approval process for orders
- o Significant contracts have multiple quotes comparisons before they are entered into

GOVERNANCE STATEMENT (CONTINUED)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Red Kite Schools Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The Risk and Control Framework

The 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 Trustees
- regular reviews by the Finance and audit and premises 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; and
- identification and management of risks.

The board of Trustees considered the need for a specific internal audit function and decided not to appoint an internal auditor but to appoint Mike Park, a suitably qualified Trustee to carry out a programme of internal checks. Following Mr Park's resignation Trustees agreed to appoint an external internal auditor in Autumn 2020.

Mr Park's role included giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

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

The remit for the newly appointed external internal auditor will be closely linked to the Trust's risk register.

On a regular basis, Mr Park the reviewer reported to the Board of Trustees, through the Finance and audit and premises committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

The Board can confirm that the reviewer delivered their schedule of work as planned and provided details of any

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The Risk and Control Framework (continued)

material control issues arising as a result of their work. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.

Review of Effectiveness

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

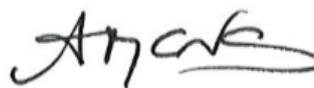
- the work of Mr Park, the reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 16 December 2020 and signed on their behalf by:



S Walton
Chair of Trustees



A McNaney
Accounting Officer

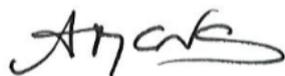
RED KITE SCHOOLS TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Red Kite Schools Trust I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the 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 2019.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

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



A McNaney
Accounting Officer
Date: 16 December 2020

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who act as Trustees of Red Kite Schools Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial 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 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 16 December 2020 and signed on its behalf by:



S Walton
Chair of Trustees

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF RED
KITE SCHOOLS TRUST**

Opinion

We have audited the financial statements of Red Kite Schools Trust (the 'trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust 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 Trust'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.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF RED
KITE SCHOOLS TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust 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.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF RED
KITE SCHOOLS TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Trust 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable Trust'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 charitable Trust'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 charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

 for Landau Baker Limited

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

16 December 2020

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RED KITE SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 May 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Red Kite Schools Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Red Kite Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Red Kite Schools Trust's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RED KITE
SCHOOLS TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 16 December 2020

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	7,085	-	49,545	56,630	249,088
Charitable activities	4	-	8,571,213	-	8,571,213	7,849,615
Other trading activities	5	89,918	-	-	89,918	205,211
Investments	6	607	-	-	607	692
Total income		97,610	8,571,213	49,545	8,718,368	8,304,606
Expenditure on:						
Charitable activities	8	41,503	8,725,198	496,032	9,262,733	9,121,417
Total expenditure		41,503	8,725,198	496,032	9,262,733	9,121,417
Net income/(expenditure)		56,107	(153,985)	(446,487)	(544,365)	(816,811)
Transfers between funds	21	-	(62,906)	62,906	-	-
Net movement in funds before other recognised gains/(losses)		56,107	(216,891)	(383,581)	(544,365)	(816,811)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	28	-	(335,000)	-	(335,000)	(532,000)
Net movement in funds		56,107	(551,891)	(383,581)	(879,365)	(1,348,811)
Reconciliation of funds:						
Total funds brought forward		654,309	(3,672,947)	22,928,394	19,909,756	21,258,567
Net movement in funds		56,107	(551,891)	(383,581)	(879,365)	(1,348,811)
Total funds carried forward		710,416	(4,224,838)	22,544,813	19,030,391	19,909,756

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

The notes on pages 25 to 49 form part of these financial statements.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07697482

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	<i>As restated</i> 2019 £
Fixed assets			
Tangible assets	15	22,513,431	22,853,022
		22,513,431	22,853,022
Current assets			
Stocks	16	3,563	2,680
Debtors	17	285,322	302,312
Cash at bank and in hand		1,120,740	1,001,616
		1,409,625	1,306,608
Creditors: amounts falling due within one year	18	(631,974)	(643,462)
Net current assets		777,651	663,146
Total assets less current liabilities		23,291,082	23,516,168
Creditors: amounts falling due after more than one year	19	(79,691)	(95,412)
Net assets excluding pension liability		23,211,391	23,420,756
Defined benefit pension scheme liability	28	(4,181,000)	(3,511,000)
Total net assets		19,030,391	19,909,756
Funds of the Trust			
Restricted funds:			
Fixed asset funds	21	22,544,813	22,928,394
Restricted income funds	21	(43,838)	(161,947)
Restricted funds excluding pension asset	21	22,500,975	22,766,447
Pension reserve	21	(4,181,000)	(3,511,000)
Total restricted funds	21	18,319,975	19,255,447
Unrestricted income funds	21	710,416	654,309
Total funds		19,030,391	19,909,756

RED KITE SCHOOLS TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07697482

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 21 to 49 were approved by the Trustees, and authorised for issue on 16 December 2020 and are signed on their behalf, by:



S Walton
Chair of Trustees

The notes on pages 25 to 49 form part of these financial statements.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	<i>As restated</i> <i>2019</i> £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	23	243,456	<i>(24,711)</i>
Cash flows from investing activities	25	(106,289)	<i>(85,293)</i>
Cash flows from financing activities	24	(18,043)	<i>(16,127)</i>
Change in cash and cash equivalents in the year		119,124	<i>(126,131)</i>
Cash and cash equivalents at the beginning of the year		1,001,616	<i>1,127,747</i>
Cash and cash equivalents at the end of the year	26, 27	1,120,740	<i>1,001,616</i>

The notes on pages 25 to 49 form part of these financial statements

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 Trust 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

• **Legacies**

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

• **Donations**

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

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

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.

Charitable activities

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

- **Charitable activities**

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

1.5 Tangible fixed assets

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

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

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

Leasehold property	- 125 years
Furniture and equipment	- 4 and 10 years
Motor vehicles	- 5 years
Computer equipment	- 3 years

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

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust 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.

1.10 Financial instruments

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

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

Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1.11 Operating leases

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

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.12 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 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 Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the 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 funds received and paid and any balances held are disclosed in the notes to the accounts.

1.14 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations	7,085	-	7,085	49,761
Capital Grants	-	49,545	49,545	199,327
	<u>7,085</u>	<u>49,545</u>	<u>56,630</u>	<u>249,088</u>
<i>Total 2019</i>	<u>49,261</u>	<u>199,827</u>	<u>249,088</u>	

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for the Trust's educational activities

	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
DfE/ESFA grants			
General annual grant	7,597,265	7,597,265	7,317,336
Other DfE/ESFA grants	739,727	739,727	322,403
	<u>8,336,992</u>	<u>8,336,992</u>	<u>7,639,739</u>
Other government grants			
Local authority grants	137,786	137,786	114,964
Other government grants	34,940	34,940	38,029
	<u>172,726</u>	<u>172,726</u>	<u>152,993</u>
Other funding			
Other Income	61,495	61,495	56,883
	<u>8,571,213</u>	<u>8,571,213</u>	<u>7,849,615</u>
<i>Total 2019</i>	<u><u>7,849,615</u></u>	<u><u>7,849,615</u></u>	

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Lettings Income	10,834	10,834	7,956
Catering Income	9,889	9,889	27,852
Trip Income	33,335	33,335	115,325
Other Income	35,860	35,860	54,078
	<u>89,918</u>	<u>89,918</u>	<u>205,211</u>
<i>Total 2019</i>	<u><u>205,211</u></u>	<u><u>205,211</u></u>	

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Investment income	607	607	692
<i>Total 2019</i>	692	692	

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	<i>Total 2019 £</i>
Educational Activities:					
Direct costs	5,695,130	-	678,128	6,373,258	6,202,767
Allocated support costs	1,449,811	374,198	1,065,466	2,889,475	2,918,650
	<u>7,144,941</u>	<u>374,198</u>	<u>1,743,594</u>	<u>9,262,733</u>	<u>9,121,417</u>
<i>Total 2019</i>	<u>6,813,941</u>	<u>384,538</u>	<u>1,922,938</u>	<u>9,121,417</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Educational Activities	41,503	9,221,230	9,262,733	9,121,417
<i>Total 2019</i>	<u>123,753</u>	<u>8,997,664</u>	<u>9,121,417</u>	

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Educational Activities	6,373,258	2,889,475	9,262,733	9,121,417
<i>Total 2019</i>	<u>6,202,767</u>	<u>2,918,650</u>	<u>9,121,417</u>	

Analysis of direct costs

	Educational Activities 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	5,644,157	5,644,157	5,175,720
Educational consultancy	34,332	34,332	17,038
Technology costs	175,821	175,821	186,215
Educational supplies	135,795	135,795	96,819
Examination fees	111,793	111,793	138,025
Staff development and training	35,645	35,645	47,735
Teaching supply costs	50,973	50,973	220,691
Recruitment & support	20,279	20,279	34,855
Other direct costs	164,463	164,463	285,669
	<u>6,373,258</u>	<u>6,373,258</u>	<u>6,202,767</u>
<i>Total 2019</i>	<u>6,202,767</u>	<u>6,202,767</u>	

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Activities 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Pension finance cost	64,000	64,000	66,000
Staff costs	1,416,246	1,416,246	1,391,114
Depreciation	496,032	496,032	546,654
Technology costs	11,394	11,394	17,367
Maintenance of premises and equipment	183,336	183,336	134,666
Cleaning	14,788	14,788	16,590
Rent and rates	58,499	58,499	63,367
Energy costs	105,001	105,001	117,711
Insurance	44,402	44,402	52,589
Catering	61,132	61,132	70,736
Other support costs	162,192	162,192	135,632
Support staff supply costs	33,565	33,565	26,416
Other premises costs	12,574	12,574	15,085
Professional fees	202,439	202,439	250,880
Governance costs	23,875	23,875	13,843
	<u>2,889,475</u>	<u>2,889,475</u>	<u>2,918,650</u>
<i>Total 2019</i>	<u>2,918,650</u>	<u>2,918,650</u>	

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	<i>2019 £</i>
Operating lease rentals	36,891	41,422
Depreciation of tangible fixed assets	496,032	546,654
Fees paid to auditors for:		
- audit	17,500	6,750
- other services	5,750	7,075
	<u>17,500</u>	<u>6,750</u>
	<u>5,750</u>	<u>7,075</u>

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	5,171,655	4,992,030
Social security costs	483,423	460,546
Pension costs	1,405,325	1,114,258
	<u>7,060,403</u>	<u>6,566,834</u>
Agency staff costs	84,538	247,107
	<u><u>7,144,941</u></u>	<u><u>6,813,941</u></u>

b. Staff numbers

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

	2020 No.	2019 No.
Teaching	79	74
Administration and support	55	57
Management	10	9
	<u>144</u>	<u>140</u>

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	2	1
In the band £90,001 - £100,000	1	1
	<u><u>3</u></u>	<u><u>2</u></u>

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. Staff (continued)

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £150,532 (2019 £180,664).

12. Central services

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

- management services
- financial support services
- legal services
- HR services
- estates management

The Trust charges for these services on the following basis:

5% of the school budget share GAG income.

The actual amounts charged during the year were as follows:

	2020 £	2019 £
Chesham Grammar School	298,296	277,733
Ivingswood Academy	43,260	46,664
Waterside Primary Academy	33,288	35,727
Total	374,844	360,124

13. 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 Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020 £	2019 £
A McNaney, Executive Headteacher and Accounting Officer	Remuneration	95,000 -	90,000 -
		100,000	95,000
	Pension contributions paid	20,000 -	15,000 -
		25,000	20,000

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

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2020 was £885 (2019 - £858).

15. Tangible fixed assets

	Long-term leasehold property £	Assets under construction £	Furniture and equipment £	Computer equipment £	Motor vehicles £
Cost or valuation					
At 1 September 2019	24,336,968	169,913	735,598	424,127	29,384
Additions	103,490	10,683	14,407	27,861	-
Transfers between classes	169,913	(169,913)	-	-	-
At 31 August 2020	<u>24,610,371</u>	<u>10,683</u>	<u>750,005</u>	<u>451,988</u>	<u>29,384</u>
Depreciation					
At 1 September 2019	1,963,017	-	462,779	387,788	29,384
Charge for the year	415,239	-	52,274	28,519	-
At 31 August 2020	<u>2,378,256</u>	<u>-</u>	<u>515,053</u>	<u>416,307</u>	<u>29,384</u>
Net book value					
At 31 August 2020	<u><u>22,232,115</u></u>	<u><u>10,683</u></u>	<u><u>234,952</u></u>	<u><u>35,681</u></u>	<u><u>-</u></u>
At 31 August 2019	<u><u>22,373,951</u></u>	<u><u>169,913</u></u>	<u><u>272,819</u></u>	<u><u>36,339</u></u>	<u><u>-</u></u>

16. Stocks

	2020 £	2019 £
Closing stock	<u><u>3,563</u></u>	<u><u>2,680</u></u>

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

Total
£

25,695,990

156,441

-

25,852,431

2,842,968

496,032

3,339,000

22,513,431

22,853,022

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

17. Debtors

	2020 £	<i>As restated</i> 2019 £
Due within one year		
Trade debtors	560	65,968
Other debtors	42,643	35,748
Prepayments and accrued income	242,119	200,596
	<u>285,322</u>	<u>302,312</u>

18. Creditors: Amounts falling due within one year

	2020 £	<i>As restated</i> 2019 £
Other loans	18,185	20,507
Trade creditors	200,525	230,911
Other taxation and social security	114,709	109,450
Other creditors	129,657	99,448
Accruals and deferred income	168,898	183,146
	<u>631,974</u>	<u>643,462</u>
	2020 £	2019 £
Deferred income at 1 September	66,684	131,680
Resources deferred during the year	52,266	66,684
Amounts released from previous periods	(66,684)	(131,680)
	<u>52,266</u>	<u>66,684</u>

At the balance sheet date the Trust was holding funds received in advance for funding relating to the 2020/21 school year.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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

	2020 £	2019 £
Other loans	<u>79,691</u>	<u>95,412</u>

20. Financial instruments

	2020 £	As restated 2019 £
Financial assets		
Financial assets measured at fair value through income and expenditure	<u>1,120,740</u>	<u>1,001,616</u>

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

21. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds - all funds	<u>654,309</u>	<u>97,610</u>	<u>(41,503)</u>	<u>-</u>	<u>-</u>	<u>710,416</u>
Restricted general funds						
General Annual Grant (GAG)	(161,947)	7,597,265	(7,416,250)	(62,906)	-	(43,838)
Pupil Premium	-	212,203	(212,203)	-	-	-
Other DfE/ESFA Funding	-	527,524	(527,524)	-	-	-
LA and Other Government Funding	-	172,726	(172,726)	-	-	-
General Funds	-	61,495	(61,495)	-	-	-
Pension reserve	(3,511,000)	-	(335,000)	-	(335,000)	(4,181,000)

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
	<u>(3,672,947)</u>	<u>8,571,213</u>	<u>(8,725,198)</u>	<u>(62,906)</u>	<u>(335,000)</u>	<u>(4,224,838)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	<u>22,928,394</u>	<u>49,545</u>	<u>(496,032)</u>	<u>62,906</u>	<u>-</u>	<u>22,544,813</u>
Total Restricted funds	<u>19,255,447</u>	<u>8,620,758</u>	<u>(9,221,230)</u>	<u>-</u>	<u>(335,000)</u>	<u>18,319,975</u>
Total funds	<u><u>19,909,756</u></u>	<u><u>8,718,368</u></u>	<u><u>(9,262,733)</u></u>	<u><u>-</u></u>	<u><u>(335,000)</u></u>	<u><u>19,030,391</u></u>

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

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes.

Restricted general funds are resources for educational purposes.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Chesham Grammar School	556,653	393,213
Ivingswood Academy	23,769	24,231
Waterside Primary Academy	63,323	81,555
Red Kite Schools Trust	22,833	(6,637)
	<u>666,578</u>	<u>492,362</u>
Total before fixed asset funds and pension reserve	666,578	492,362
Restricted fixed asset fund	22,544,813	22,928,394
Pension reserve	(4,181,000)	(3,511,000)

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

21. Statement of funds (continued)

	2020 £	2019 £
Total	19,030,391	19,909,756

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Chesham Grammar School	4,256,254	892,610	220,818	1,198,301	6,567,983	6,270,796
Ivingswood Academy	767,607	192,442	15,622	217,791	1,193,462	1,154,355
Waterside Primary Academy	645,283	144,781	23,735	220,948	1,034,747	1,104,422
Red Kite Schools Trust	25,986	247,283	-	72,084	345,353	45,190
Consolidation adjustments	-	-	-	(374,844)	(374,844)	-
Trust	5,695,130	1,477,116	260,175	1,334,280	8,766,701	8,574,763

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

21. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
General Funds - all funds	522,898	255,164	(123,753)	-	-	654,309
Restricted general funds						
General Annual Grant (GAG)	137,134	7,317,336	(7,569,986)	(46,431)	-	(161,947)
Pupil Premium	-	204,864	(204,864)	-	-	-
Other ESFA Funding	-	117,539	(117,539)	-	-	-
LA and Other Government Funding	-	152,993	(152,993)	-	-	-
General Funds	-	56,883	(56,883)	-	-	-
Pension reserve	(2,623,000)	-	(356,000)	-	(532,000)	(3,511,000)
	<u>(2,485,866)</u>	<u>7,849,615</u>	<u>(8,458,265)</u>	<u>(46,431)</u>	<u>(532,000)</u>	<u>(3,672,947)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	23,221,535	-	(539,399)	46,431	-	22,728,567
Devolved Formula Capital	-	39,244	-	-	-	39,244
Other DfE/ESFA Capital Income	-	160,583	-	-	-	160,583
	<u>23,221,535</u>	<u>199,827</u>	<u>(539,399)</u>	<u>46,431</u>	<u>-</u>	<u>22,928,394</u>

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

21. Statement of funds (continued)

	<i>Balance at 1 September 2018</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2019</i>
	£	£	£	£	£	£
Total Restricted funds	20,735,669	8,049,442	(8,997,664)	-	(532,000)	19,255,447
Total funds	21,258,567	8,304,606	(9,121,417)	-	(532,000)	19,909,756

22. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020	Restricted funds 2020	Restricted fixed asset funds 2020	Total funds 2020
	£	£	£	£
Tangible fixed assets	-	-	22,513,431	22,513,431
Current assets	710,416	667,827	31,382	1,409,625
Creditors due within one year	-	(631,974)	-	(631,974)
Creditors due in more than one year	-	(79,691)	-	(79,691)
Provisions for liabilities and charges	-	(4,181,000)	-	(4,181,000)
Total	710,416	(4,224,838)	22,544,813	19,030,391

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019</i>	<i>Restricted funds 2019</i>	<i>Restricted fixed asset funds 2019</i>	<i>Total funds 2019</i>
	£	£	£	£
Tangible fixed assets	-	-	22,853,022	22,853,022
Current assets	654,309	576,927	75,372	1,306,608
Creditors due within one year	-	(643,462)	-	(643,462)
Creditors due in more than one year	-	(95,412)	-	(95,412)
Provisions for liabilities and charges	-	(3,511,000)	-	(3,511,000)
Total	654,309	(3,672,947)	22,928,394	19,909,756

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

22. Analysis of net assets between funds (continued)

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

	2020 £	2019 £
Net expenditure for the period (as per Statement of financial activities)	(544,365)	(816,811)
Adjustments for:		
Depreciation	496,032	546,654
Capital grants from DfE and other capital income	(49,545)	(199,827)
Interest receivable	(607)	(692)
Defined benefit pension scheme cost less contributions payable	271,000	290,000
Defined benefit pension scheme finance cost	64,000	66,000
(Increase)/decrease in stocks	(883)	1,886
Decrease in debtors	16,990	188,402
Decrease in creditors	(9,166)	(100,323)
Net cash provided by/(used in) operating activities	243,456	(24,711)

24. Cash flows from financing activities

	2020 £	2019 £
Repayments of borrowing	(18,043)	(16,127)
Net cash used in financing activities	(18,043)	(16,127)

25. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	607	692
Purchase of tangible fixed assets	(156,441)	(285,812)
Capital grants from DfE Group	49,545	199,827
Net cash used in investing activities	(106,289)	(85,293)

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

26. Analysis of cash and cash equivalents

	2020	<i>As restated</i>
	£	2019 £
Cash in hand	1,120,740	1,001,616
Total cash and cash equivalents	1,120,740	1,001,616

27. Analysis of changes in net debt

	At 1 September 2019	Cash flows	At 31 August 2020
	£	£	£
Cash at bank and in hand	1,001,616	119,124	1,120,740
Debt due within 1 year	(20,507)	2,322	(18,185)
Debt due after 1 year	(95,412)	15,721	(79,691)
	885,697	137,167	1,022,864

28. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 August 2020.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

28. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the year amounted to £856,535 (2019 - £542,869).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £330,000 (2019 - £351,000), of which employer's contributions totalled £262,000 (2019 - £276,000) and employees' contributions totalled £ 68,000 (2019 - £75,000). The agreed contribution rates for future years are 22.8 per cent for employers and 5.5 - 7.5 per cent for employees.

As described in note 1.12 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

28. Pension commitments (continued)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.30	3.70
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	1.60	1.85

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.8	22.9
Females	25.1	24.8
<i>Retiring in 20 years</i>		
Males	23.2	24.6
Females	26.6	26.7

Share of scheme assets

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

	2020	2019
	£	£
Equities	2,247,000	1,999,000
Gilts	1,076,000	967,000
Property	257,000	253,000
Cash	107,000	120,000
Other	413,000	383,000
Total market value of assets	4,100,000	3,722,000

The actual return on scheme assets was £121,000 (2019 - £85,000).

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

28. Pension commitments (continued)

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

	2020 £	2019 £
Current service cost	(530,000)	(484,000)
Past service cost	-	(79,000)
Interest income	71,000	87,000
Interest cost	(135,000)	(153,000)
Administrative expenses	(3,000)	(3,000)
Total amount recognised in the Statement of Financial Activities	(597,000)	(632,000)

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

	2020 £	2019 £
At 1 September	7,233,000	5,736,000
Current service cost	530,000	484,000
Interest cost	135,000	153,000
Employee contributions	68,000	75,000
Actuarial losses	388,000	729,000
Benefits paid	(73,000)	(23,000)
Past service costs	-	79,000
At 31 August	8,281,000	7,233,000

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

	2020 £	2019 £
At 1 September	3,722,000	3,113,000
Interest income	71,000	87,000
Actuarial gains	53,000	197,000
Employer contributions	262,000	276,000
Employee contributions	68,000	75,000
Benefits paid	(73,000)	(23,000)
Administrative expenses	(3,000)	(3,000)
At 31 August	4,100,000	3,722,000

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

29. Operating lease commitments

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

	2020 £	2019 £
Not later than 1 year	30,896	37,369
Later than 1 year and not later than 5 years	23,146	27,882
	<u>54,042</u>	<u>65,251</u>

30. 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.

31. Related party transactions

Owing to the nature of the 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 the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year, the Trust received donations totalling £50,114 (2019: £51,035) from both the Chesham Grammar School Fund and Waterside School Fund. These donations were made for the benefit of the pupils in the schools. There were no amounts owing to the Trust at 31 August 2020 (2019: £nil). Both School Funds are under the same common control as the Trust.

32. Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the Trust received £9,021 (2019 - £8,900) and disbursed £4,400 (2019 - £2,400) from the fund. An amount of £38,712 (2019 - £34,090) is included in creditors less than one year relating to undistributed funds that is repayable to ESFA.